

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
PROCUREMENT

525 W. ALLEGAN STREET
LANSING, MI 48933

P.O. BOX 30026
LANSING, MI 48909

CHANGE NOTICE NO. 1
to
CONTRACT NO. 071B4300007
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Blue Cross and Blue Shield of Michigan 600 Lafayette E, 517J Detroit, MI 48226	Arva Overton	aoverton@bcbsm.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	313-448-5912	*****9753

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	MCSC	Lauri Schmidt	517-373-9211	schmidt@l@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Brandon Samuel	517-284-7025	samuelb@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Vision Plan Administration For Active & Retired State Employees – DTMB/Civil Service Commission			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2013	September 30, 2016	2 - 1 Year	September 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input checked="" type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	2 Years	<input type="checkbox"/>		September 30, 2018
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$22,000,000.00		\$16,598,052.00	\$38,598,052.00	

DESCRIPTION:

Effective September 30, 2016, both available option years on this Contract are hereby exercised and the Contract is increased by \$16,598,052.00. Contract attachment A – Claims Repricing & Pricing updated to incorporate option year 1 administrative fee of \$0.49 and option year 2 administrative fee of \$0.50. The revised expiration date is September 30, 2018. Please note that the Contract Administrator has been updated to Brandon Samuel, and that the Project Manager is deleted – not applicable. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on June 21, 2016.

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

**NOTICE
OF
CONTRACT NO. 071B4300007**
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Blue Cross & Blue Shield of Michigan 600 Lafayette E, 517J Detroit, MI 48226	Arva Overton	aoverton@bcbsm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	313-448-5912	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	MCSC	Lauri Schmidt	517-373-9211	schmidt1@michigan.gov
BUYER:	DTMB	Lance Kingsbury	517-241-3768	kingsbury1@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Vision Plan Administration for Active & Retired State Employees – DTMB / Civil Service Commission			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Years	October 1, 2013	September 30, 2016	2, 1 Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$22,000,000.00

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B4300007
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Blue Cross & Blue Shield of Michigan 600 Lafayette E, 517J Detroit, MI 48226	Arva Overton	aoverton@bcbsm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	313-448-5912	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	MCSC	Lauri Schmidt	517-373-9211	schmidt1@michigan.gov
BUYER:	DTMB	Lance Kingsbury	517-241-3768	kingsbury1@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Vision Plan Administration for Active & Retired State Employees – DTMB / Civil Service Commission			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Years	October 1, 2013	September 30, 2016	2, 1 Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$22,000,000.00

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #071I3200061. Orders for delivery will be issued directly by the Michigan Civil Service Commission through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR:

Blue Cross & Blue Shield of Michigan

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Kevin Dunn, Services Division Director

Name/Title

DTMB Procurement

Enter Name of Agency

Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
DTMB-Procurement

Contract No. 071B4300007
Vision Benefit Plan for the Civil Service Commission

Buyer Name: Lance Kingsbury
Telephone Number: 517-241-3768
E-Mail Address: kingsburyl@michigan.gov



Table of Contents

<u>DEFINITIONS</u>	9
<u>Article 1 – Statement of Work (SOW)</u>	12
<u>1.010 Project Identification</u>	12
1.011 Project Request	12
1.012 Background	12
<u>1.020 Scope of Work and Deliverables</u>	12
1.021 In Scope	12
1.022 Work and Deliverable	12
<u>1.030 Roles and Responsibilities</u>	21
1.031 Contractor Staff, Roles, and Responsibilities	21
<u>1.040 Project Plan</u>	22
1.041 Project Plan Management	22
1.042 Reports	23
<u>1.050 Acceptance</u>	24
1.051 Criteria	24
1.052 Reserved	24
<u>1.060 Pricing</u>	24
1.061 Pricing	24
1.062 Price Term	24
1.063 Tax Excluded from Price	25
1.064 Reserved	25
<u>1.070 Reserved</u>	25
<u>Article 2, Terms and Conditions</u>	26
<u>2.000 Contract Structure and Term</u>	26
2.001 Contract Term	26
2.002 Options to Renew	26
2.003 Legal Effect	26
2.004 Attachments & Exhibits	26
2.005 Ordering	26
2.006 Order of Precedence	26
2.007 Headings	26
2.008 Form, Function & Utility	26
2.009 Reformation and Severability	26
2.010 Consents and Approvals	27
2.011 No Waiver of Default	27
2.012 Survival	27
<u>2.020 Contract Administration</u>	27
2.021 Issuing Office	27
2.022 Contract Compliance Inspector	27
2.023 Project Manager	27
2.024 Change Requests	28
2.025 Notices	28
2.026 Binding Commitments	28
2.027 Relationship of the Parties	28
2.028 Covenant of Good Faith	28
2.029 Assignments	28
<u>2.030 General Provisions</u>	29
2.031 Reserved	29
2.032 Media Releases	29
2.033 Contract Distribution	29
2.034 Permits	29
2.035 Website Incorporation	29
2.036 Future Bidding Preclusion	29
2.037 Freedom of Information	29
2.038 Disaster Recovery	29
<u>2.040 Financial Provisions</u>	29
2.041 Fixed Prices for Services/Deliverables	29
2.042 Adjustments for Reductions in Scope of Services/Deliverables	30
2.043 Services/Deliverables Covered	30
2.044 Invoicing and Payment – In General	30
2.045 Pro-ration	30
2.046 Antitrust Assignment	30
2.047 Final Payment	30
2.048 Electronic Payment Requirement	31
<u>2.050 Taxes</u>	31
2.051 Employment Taxes	31
2.052 Sales and Use Taxes	31
<u>2.060 Contract Management</u>	31



2.061	Contractor Personnel Qualifications	31
2.062	Contractor Key Personnel	31
2.063	Re-assignment of Personnel at the State's Request	32
2.064	Contractor Personnel Location	32
2.065	Contractor Identification	32
2.066	Cooperation with Third Parties	32
2.067	Contractor Return of State Equipment/Resources	32
2.068	Contract Management Responsibilities	32
2.070	Subcontracting by Contractor	32
2.071	Contractor Full Responsibility	32
2.072	State Consent to Delegation	32
2.073	Subcontractor Bound to Contract	33
2.074	Flow Down	33
2.075	Competitive Selection	33
2.080	State Responsibilities	33
2.081	Equipment	33
2.082	Facilities	33
2.090	Security	33
2.091	Background Checks	33
2.092	Security Breach Notification	33
2.093	PCI Data Security Standard	34
2.100	Confidentiality	34
2.101	Confidentiality	34
2.102	Protection and Destruction of Confidential Information	34
2.103	Exclusions	34
2.104	No Implied Rights	35
2.105	Respective Obligations	35
2.110	Records and Inspections	35
2.111	Inspection of Work Performed	35
2.112	Retention of Records	35
2.113	Examination of Records	35
2.114	Audit Resolution	35
2.115	Errors	35
2.120	Warranties	35
2.121	Warranties and Representations	35
2.122	Warranty of Merchantability	36
2.123	Warranty of Fitness for a Particular Purpose	36
2.124	Warranty of Title	36
2.125	Reserved	36
2.126	Equipment to be New	36
2.127	Prohibited Products	37
2.128	Consequences For Breach	37
2.130	Insurance	37
2.131	Liability Insurance	37
2.132	Subcontractor Insurance Coverage	39
2.133	Certificates of Insurance	39
2.140	Indemnification	40
2.141	General Indemnification	40
2.142	Code Indemnification	40
2.143	Employee Indemnification	40
2.144	Patent/Copyright Infringement Indemnification	40
2.145	Continuation of Indemnification Obligations	40
2.146	Indemnification Procedures	40
2.150	Termination/Cancellation	41
2.151	Notice and Right to Cure	41
2.152	Termination for Cause	41
2.153	Termination for Convenience	42
2.154	Termination for Non-Appropriation	42
2.155	Termination for Criminal Conviction	42
2.156	Termination for Approvals Rescinded	42
2.157	Rights and Obligations upon Termination	42
2.158	Reservation of Rights	43
2.160	Reserved	43
2.170	Transition Responsibilities	43
2.171	Contractor Transition Responsibilities	43
2.172	Contractor Personnel Transition	43
2.173	Contractor Information Transition	43
2.174	Contractor Software Transition	43
2.175	Transition Payments	43



2.176	State Transition Responsibilities	43
2.180	Stop Work	44
2.181	Stop Work Orders	44
2.182	Cancellation or Expiration of Stop Work Order	44
2.183	Allowance of Contractor Costs	44
2.190	Dispute Resolution	44
2.191	In General	44
2.192	Informal Dispute Resolution	44
2.193	Injunctive Relief	45
2.194	Continued Performance	45
2.200	Federal and State Contract Requirements	45
2.201	Nondiscrimination	45
2.202	Unfair Labor Practices	45
2.203	Workplace Safety and Discriminatory Harassment	45
2.204	Reserved	45
2.210	Governing Law	45
2.211	Governing Law	45
2.212	Compliance with Laws	45
2.213	Jurisdiction	45
2.220	Limitation of Liability	46
2.221	Limitation of Liability	46
2.230	Disclosure Responsibilities	46
2.231	Disclosure of Litigation	46
2.232	Call Center Disclosure	46
2.233	Bankruptcy	46
2.240	Performance	47
2.241	Time of Performance	47
2.242	Service Level Agreements (SLAs)	47
2.243	Reserved	47
2.244	Excusable Failure	48
2.250	Approval of Deliverables	48
2.251	Delivery Responsibilities	48
2.252	Delivery of Deliverables	48
2.253	Testing	49
2.254	Approval of Deliverables, In General	49
2.255	Process For Approval of Written Deliverables	49
2.256	Process for Approval of Services	50
2.257	Process for Approval of Physical Deliverables	50
2.258	Final Acceptance	50
2.260	Ownership	50
2.261	Ownership of Work Product by State	50
2.262	Vesting of Rights	50
2.263	Rights in Data	50
2.264	Ownership of Materials	51
2.270	State Standards	51
2.271	Existing Technology Standards	51
2.272	Acceptable Use Policy	51
2.273	Systems Changes	51
2.274	Electronic Receipt Processing Standard	51
2.280	Reserved	51
2.290	Environmental Provision	51
2.291	Environmental Provision	51
2.300	Other Provisions	52
2.311	Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials	52
		52
Attachment A – Claims Repricing & Pricing		53
Attachment B – Plan Design		54
Attachment C – File Layouts		56



DEFINITIONS

24x7x365 means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

Administration Fee means the agreed upon amount that will be paid to the Contractor by the Plan Sponsor for administration of the Plan. A fully insured proposal must identify the portion of the fee that is attributable to the administration fee.

A.M. Best Company means a credit rating organization serving the financial services industries, including the banking and insurance sectors.

A.M. Best Financial Strength Rating means an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile, as determined by A.M. Best Company.

Appeals means the formal procedures that address the review of adverse Organization Determinations on the vision services or products an enrollee believes he or she is entitled to receive, including delay in providing, arranging for, or approving services or products or on any amounts the enrollee must pay for a product or service after the services have been provided.

Approved Amount means the Contractually defined price for Covered Products or Services specified by the Vision Plan and its contracted network providers.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

Average Speed of Answer (ASA) means the average time elapsed between when a caller is placed into the Customer Service queue to the time the call is answered by a Customer Service Representative (CSR) equates to the Speed of Answer.

Benefit Guide means the publication that the Member receives which is developed and issued by the Contractor and approved by the Plan Sponsor.

Blanket Purchase Order is an alternate term for Contract and is used in the Plan Sponsor's computer system.

Business Day (whether capitalized or not) must mean any day other than a Saturday, Sunday, or State-recognized legal holiday from 8:00 a.m. EST through 5:00 p.m. EST unless otherwise stated.

Claim means a submission for payment of a service.

Claims Processing means the procedures that the Contractor uses to review a Claim for Member eligibility, coverage determination, provider payment, and Member obligation.

Coinsurance means that portion of the charge for Covered Services, calculated as a percentage of the charge, which is to be paid by Members pursuant to the Plan Sponsor's Plan Design.

Coinsurance Maximum means the maximum amount of coinsurance expenses that a Member is required to pay in a Plan Year.

Coordination of Benefits (COB) means claims administration when Members are covered by more than one vision plan.

Contract Holder means an active employee, retiree, pension beneficiary, or COBRA participant who satisfies all of the eligibility criteria necessary to receive vision coverage through the Plan Sponsor.

Contractor means the organization selected to administer the Vision Plan for both Non-Medicare and Medicare Eligible members.

Covered Products or Services means the vision examinations, glasses, lenses, contacts, and associated additional options that are covered pursuant to the Plan Sponsor's Plan Design.

Customer Assistance or **Customer Service** means a web based and/or telephonic system by which Members can make Inquiries about the Plan and the Contractor can answer or resolve them.



Data Management Vendor means a third party administrator of the Plan Sponsor's database systems. and reporting

Days mean calendar days unless otherwise specified.

Deliverable means Covered Products or Services and reporting required or identified in a Statement of Work.

Dependent means an individual who satisfies, through a Contract Holder, all of the eligibility criteria necessary to receive vision coverages under the Plan Sponsor's Plan and is identified by the Plan Sponsor to the Contractor.

Disruption Analysis means the identification of members who are obtaining their vision care from Providers that are not participating in the new Contactor's Provider Network and any proposed remediation to mitigate the disruption.

DTMB means the Michigan Department of Technology, Management and Budget.

Eligible Claim means a submission for payment of a Covered Service or Covered Product for a Member.

Eligibility means the status of an individual with respect to their coverage under the Plan.

Eligibility System means the database maintained by the Contractor that contains information on the effective dates of coverage for all Members that can be accessed by authorized individuals.

EBD means the Employee Benefits Division.

Explanation of Benefits (EOB) means written statement sent to a Member, from the Contractor, after a claim has been reported, indicating the benefits and approved amounts and/or charges not covered by the Plan.

Fee Schedule means the list of the approved amounts established or agreed to by Network Providers and the Contractor for specific Covered Products or Services.

Grievance means any complaint or dispute, other than one involving an Organization Determination, expressing dissatisfaction with the manner in which a Vision Plan or delegated entity provides vision services, regardless of whether any remedial action can be taken. Grievances may include complaints regarding the timeliness, appropriateness, access to, and/or setting of a provided item or service. An enrollee or their representative may make the complaint or dispute, either orally or in writing, to a Vision Plan, provider, or facility.

Health Plan means a plan that provides health coverage for the Plan Sponsor's Members.

HIPAA means the Health Insurance Portability and Accountability Act of 1996.

Identification Card means the card produced by the Contractor that documents the Member's eligibility and coverage under the plan.

Incident means any interruption in any function performed for the benefit of the Plan Sponsor.

Inquiry means any oral or written request to the Contractor, one of its Subcontractors, or received by Plan Sponsor and forwarded on to Contractor, that is not a Grievance does not involve a request for Appeal of any Organization Determination made by the Contractor.

Key Personnel means any Personnel identified in **Section 1.031** as Key Personnel; also see **Section 2.062**.

Member means each Contract Holder and eligible Dependent.

Member Materials mean those materials published by the Contractor for distribution to Members.

MCSC means the Michigan Civil Service Commission.

Network Provider means a Provider who has an agreement with the Contractor to provide Covered Products or Services to Members.

New Work means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.



Organizational Determination mean a decision by the Contractor to approve prior to service request for services or products and/or a determination by the Contractor to cover services or they have been obtained by a member.

ORS means Office of Retirement Services.

Pass-Through Pricing means that all charges to the Plan are equal to the Contractor's payments to Providers without any additional charges that have not been explicitly disclosed to the Plan Sponsor.

Plan means the Plan Sponsor's program which provides vision coverage to Members.

Plan Design means a description of the Plan Sponsor's Plan related to vision coverages and limitations thereto, including the framework of policies, interpretations, rules, practices and procedures applicable to such coverages, required and signed by the Plan Sponsor and submitted to Contractor.

Plan Sponsor means the Civil Service Commission.

Plan Year means a calendar year, from October 1 through September 30

Protected Health Information (PHI) means individually identifiable health information related to the past, present, or future physical or mental health or condition of a Member; the provision of health care to a Member; or the past, present or future payment for the provision of health care to a Member, as more fully defined in 45 CFR §164.501 or otherwise considered confidential under federal or state law.

Provider means a vision provider or facility that provides Covered Product or Services.

Provider Network means that set of Providers with which the Contractor has contracted to provide Covered Products or Services to Members.

RFP means a Request for Proposal used to solicit proposals for services.

S & P means Standard and Poor's credit rating agency.

SSAE 16 means an auditing standard developed by the American Institute of Certified Public Accountants (AICPA).

Self-Insured means that the Plan Sponsor has financial responsibility for providing the funds used to pay Eligible Claims.

Services means any function performed for the Plan Sponsor as required in the Statement of Work.

Solicitation Materials means materials produced by the Contractor that describe the Plan to Members or eligible individuals.

State Location means any physical location where the Plan Sponsor performs work. State Location may include state-owned, leased, or rented space.

Subcontractor means a company selected by the Contractor who is chosen to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

Telephone Servicing Factor means the average time elapsed between when a caller elects to speak to a customer service representative and when the call is connected to a customer service representative.

Transparency means the full disclosure by the Contractor as to all of its sources of revenue to the Plan Sponsor (and its agents), as well as complete and full access to all information necessary to determine and verify that the Contractor has met all terms of this Contract.

Unauthorized Removal means the removal of Key Personnel without the prior written consent of the Plan Sponsor.

Vision Plan means a plan to provide for vision screening, eye glasses, and contact lenses.

Work Product means any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of, and in furtherance of, performing the services required by this Contract.

Written Inquiries means any Inquiry, other than telephonic Inquiries, and includes letters, email, fax, or web portal.



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract for administration of the Vision Benefit Plan for eligible State employees, retirees, dependents, and COBRA participants, on an Administrative Services Only (ASO) basis. The Plan effective date is October 1, 2013. No payment will be made to the Contractor during the implementation period. The implementation period begins with Contract award date through the Plan Effective Date.

The Contractor must provide all staffing, systems, and procedures required to perform the services described herein.

1.012 Background

The CSC, EBD, administers benefits to eligible State employees, retirees, dependents and COBRA participants. The State currently has a contract for administration of the Vision Benefit Plan on an ASO basis.

There are approximately 44,562 active employees 52,780 retirees, 104,630 dependents, and 538 COBRA participants currently enrolled in the Vision plan.

1.020 Scope of Work and Deliverables

1.021 In Scope

Services considered within the scope of this Contract include, but are not limited to, the following:

- A. Provide a fully functional Vision Plan for Members which encompasses and manages the needs of active State employees, retirees, dependents and COBRA participants. This Plan is a bargained benefit and is subject to change, depending upon the results of future bargaining agreements. Historically, non-bargained employees and retirees have received the same benefits as bargained employees, but this is not guaranteed.
- B. Provide Services that meet or exceed current industry standards in the administration of Eligibility, Claims Processing, Member Servicing, and review and administration of Grievances and Appeals.
- C. Provide Services that meet or exceed current industry standards that partners with CSC to manage the Plan effectively and that collaborates with the CSC to ensure the future success and ability of the Plan to continue to offer competitive vision coverage.
- D. In addition, the Contractor must demonstrate the total value of their program as it impacts both the member and CSC.
- E. Effective plan management for vision services and supplies through a broad network of participating providers offering convenient access to employees, retirees and their dependents that reside throughout the country.
- F. Smoothly transition administration of the Plan from the current administrator, if necessary.
- G. Administration of the plan designs as outlined in Attachment B. .
- H. The Contractor must provide all necessary administrative functions to include, but not limited to: producing the Vision program brochures, assisting the State of Michigan with customized employee communications, processing claims, providing monthly, quarterly and year-end reporting and providing exceptional customer service for both State of Michigan benefits personnel and program participants.
- I. Provide financial management, reporting, and analytical support that meet or exceed current industry standards.
- J. Ensure transparency for all Services provided on behalf of CSC, EBD.
- K. Comply with the State of Michigan's Public Act 454 of 2004 (Social Security Number Privacy Act).

1.022 Work and Deliverable

Contractor must provide all Deliverables/Services and staff, and must do all things necessary for or incidental to the performance of the work set forth below:

**(A) Plan Design**

1. The Contractor must provide administration in accordance with the plan design.
2. The Contractor must provide services according to the plan designs as shown in Attachment B.
3. The Contractor must provide all necessary administrative functions. This must include, but is not limited to:
 - a) Producing Vision program brochures;
 - b) Assisting the Plan Sponsor with customized employee communications;
 - c) Processing claims;
 - d) Providing monthly, quarterly and year-end reporting.
4. Eligibility will include active State employees, retirees, dependents, and COBRA participants.
5. No participant will lose eligibility for benefits through pre-existing condition exclusions as a result of a change in carrier at transfer or during the duration of the Contract.
6. Contractor must provide support of strategic planning efforts and identifying areas of improvement upon request including, but not limited to, comparative analysis of Plan Sponsor's membership to other like groups across Contractor's book of business.
7. The Plan Design is subject to change throughout the duration of this Contract. The Contractor must implement Plan changes as requested by the Plan Sponsor in a mutually agreed time frame, at no additional cost to the Plan Sponsor.
8. The Contractor must provide independent ratings of financial strength to the Plan Sponsor such as an A.M. Best Financial Strength Rating.

(B) Claims Services

1. Contractor must adhere to all Service Level Agreements pursuant to § 1.022 (G).
2. Contractor must administer claims in conformity with Plan Design as described in Section 1.022(A) and in compliance with any changes made to the Plan Design by the Plan Sponsor.
3. Contractor must only pay Eligible Claims.
4. Contractor must only charge against the Plan Sponsor's account Claim payments authorized under the Plan Sponsor's Plan Design.
5. Contractor must maintain confidentiality of all data collected by the Contractor, according to all applicable laws, rules, and regulations.
6. Contractor must capture and store all Claim data elements involved in the processing or payment of Claims.
7. Contractor must have the ability to capture additional Claim data elements, if requested by the Plan Sponsor.
8. Contractor must provide a detailed Claims Paid Report to Plan Sponsor on an annual basis if requested by Plan Sponsor. This report must be split by subscribers and dependents, showing number of services, charge, approved amounts, copays, and plan payments split by procedure/service codes.
9. The Contractor's system must comply with HIPAA. Contractor must provide Plan Sponsor with an annual attestation that it meets this requirement.
10. Contractor's Claims payment system must be able to identify fraud and abuse.
11. Contractor must have procedures for handling overpayments and recoveries.
12. Contractor must perform Coordination of Benefits.
13. Contractor must capture and store all Claim data elements involved in the processing or payment of Claims. Data collection on behalf of the State is not to be distributed to any party without the written consent of the State and is not to be used by the Contractor for any purposes without express, written approval by the State. All data identifying specific enrollees or their dependents is highly confidential and is to be treated and



secured according to HIPAA privacy and security regulations. The State requires use of its Data Exchange Gateway (or another method selected by the State) for all file transmissions. Electronic transmission of identifiable data must be protected by passwords and a Secure File Transfer Protocol (SFTP) method.

(C) Member Support

1. Contractor must adhere to all requirements listed below and, where applicable, must meet or exceed all Service Level Agreements pursuant to § 1.022 (G).
 - (a) First Call Resolution: 95.00% or greater of Member calls to Contractor's toll-free telephone line must be resolved within 24 hours of a Customer Service Representative's receipt of the call. A call is considered unresolved if a Member calls Contractor's toll-free telephone line with the same 'reason for call' within the immediately subsequent five day period. Members following up on same issue within seven calendar days cannot be considered resolved.
 - (b) Average Speed of Answer: On a monthly basis, 95.00% of the calls must be answered within an average of 30 seconds or less.
 - (c) Telephone Servicing Factor: On a monthly basis, 85.00% of calls must have a service level time of 30 seconds.
 - (d) Abandoned Calls: The monthly call abandonment rate must not exceed 3.00%. Abandoned calls are those Member calls which terminate (i.e., Member hangs up before the call is answered) after a caller has selected a service option from the available menu and is in the queue for that option.
 - (e) Written Inquiry Resolution: The Contractor must respond to 95.00% or more of Written Inquiries within five Business Days of receipt; 100.00% of all Member Written Inquiries must be resolved within 30 Calendar Days. Written Inquiries will include those forwarded to the Contractor by the Plan Sponsor and the receipt date will be considered the date the Written Inquiry is received by the Contractor.
 - (f) Contractor must provide Identification Cards that include a Contractor-defined unique contract holder identifier.
2. Contractor must provide a Customer Service call center, where it will maintain staff dedicated to supporting the needs of the Plan Sponsor's Members. The call center must be in the United States of America, but the State prefers that the call center be located in Michigan. The Customer Service call center must, at a minimum:
 - (a) Single front-end toll-free dedicated telephone number with touch-tone routing (if necessary) for Customer Service staff to respond to Member requests for participating Provider locations, for questions on Claims and access, and complaints about Providers and Services.
 - (b) A customer Service system scalable to future demand.
 - (c) Contractor must have an advanced telephone system that provides the Plan Sponsor with management tracking and reporting capabilities. The Contractor must adhere to all reporting standards pursuant to § 1.042.
 - (d) Contractor must have a voice response system with a user-friendly menu.
 - (e) Information on how to access Customer Service must be clearly communicated in all Plan specific booklets and newsletters and Identification Cards.
 - (f) Contractor should attempt to resolve Member's telephonic issues during the initial contact with the Member.
 - (g) For those issues not resolved immediately, Contractor must send Members a written response to their issues within five Business Days of receipt of the call or Written Inquiry. This response must either resolve the outstanding issue(s) or inform the Member as to when resolution can be expected.
3. Contractor must provide web-based support to the Plan Sponsor and its Members. This must be a Plan-specific website dedicated solely to the Plan Sponsor and Members. The web-based system must include, but not be limited to, the following:



- (a) Capability to provide Members with secure access to information specific to their own Claims and enrollment.
 - (b) Ability to list Providers based on accessibility to Member's home address or zip code.
 - (c) Capability to answer Member questions about the Plan (Q&A).
4. Contractor must be able to provide Members access to designated electronic Plan-specific documents on the Contractor's Plan-specific website.
 5. The Contractor's customer service team must operate in order to respond to Claims, Inquiries, questions, and problems regarding operations from the Plan Sponsor and/or members.
 6. The Contractor's Customer Service team must log and manage all incoming calls and correspondence.
 7. The Contractor must use the information captured in the call tracking system to target improvement opportunities (e.g., reducing call volume, providing online capabilities, etc.).
 8. The Contractor must record calls and review for quality monitoring purposes.
 9. Provide details of the services and functions that will be available to the Plan Sponsor and Members on the Internet and/or via mobile applications.

(D) Provider Network

1. The Contractor must provide a national network of preferred community vision Providers in areas where Members reside.
2. Contractor must have and use a valid process to credential, monitor, and re-credential Network Providers.
3. Contractor must be able to add Providers to the Provider Network to meet network access requirements.
4. Contractor must support Provider access to Protected Health Information (PHI) by means of a secured Internet portal.
5. Contractor must not charge Plan Sponsor or any Member any amount above that which is paid to the Provider under the terms of the contract between the Contractor and the Provider.
6. The Contractor must have a process in place to audit network providers for compliance with contractual terms and ensure the accurate administration of the Vision Plan.
7. The Contractor must maintain a provider network that meets or exceeds the requirements as noted in the table below.
 - (a) Optometrists
 - (b) Ophthalmologists
 - (c) Retail Locations
8. The Contractor must provide access to vision Providers based on the following criteria:

Provider Type	Urban Members	Suburban Members	Rural Members
Optometrists	1 in 5 miles	1 in 10 miles	1 in 20 miles
Ophthalmologists	1 in 5 miles	1 in 10 miles	1 in 20 miles
Retail Locations	1 in 5 miles	1 in 10 miles	1 in 20 miles

Definition of Urban, Suburban, and Rural:

Urban:	> 3,000 population per square mile
Suburban:	1,000 - 3,000 population per square mile
Rural :	< 1,000 population per square mile



(E) Member Communications Materials and Meetings

1. Communication Materials (all communication materials must be provided in a web-ready format):

- (a) The Contractor must create a Plan Booklet for enrollees (Summary Plan Document (SPD)), in conjunction with the State.
- (b) The Contractor must provide reimbursement and claim forms reviewed and approved by the State.
- (c) The Contractor must provide training materials for the EBD staff.
- (d) Contractor must prepare and distribute at, its own cost, announcements, letters, notices, brochures, forms, postage, and other supplies and Services for distribution to Members.
- (e) Customized Member communications must be provided, by Contractor to Members, at no additional charge and are subject to the Plan Sponsor's approval. This also includes co-branding materials with the name of Contractor and Plan Sponsor, where desired by Plan Sponsor.
- (f) All communication materials must be approved by the Plan Sponsor in advance of distribution. All communication materials presented to Plan Sponsor for approval must allow for 10 business days for review and editing. This applies to all information developed, provided, and/or distributed by Contractor to Members about the Plan including those placed on the Contractor's Plan Sponsor-specific website including, but not limited to:
 - (i) Explanation of Benefits (EOB) that details charges, copays, outstanding benefit limits, and contact information for following up with questions or Appeal in easy-to-read language. Any denial of claims must have a detailed, understandable explanation of reason for denial.

2. Communication Meetings:

Contractor must provide speakers at meetings designated by Plan Sponsor at no additional charge to the Plan Sponsor. Meeting requests may vary from year-to-year. In addition to CSC designated meetings, Contractor may receive requests for speakers from Member support organizations (State Employees Retiree Association). All requests for in-state meetings must be accommodated. If the Contractor is unable to accommodate an in-state meeting request, the Contractor must seek and obtain Plan Sponsor approval for excusal.

3. Member Satisfaction:

Member Satisfaction: Contractor must measure client specific Member satisfaction within the Plan Year for the current Plan Year and report results to the Plan Sponsor. All areas where Member satisfaction levels are low must be remedied by the Contractor within a timeframe acceptable to the Plan Sponsor. Sample sizes of responses must be sufficient to produce statistically valid results. The methodology for gauging and monitoring this requirement, including the survey instrument and scoring methodology, is subject to Plan Sponsor approval.

- 4. The Contractor must supply an electronic Provider directory to the Plan Sponsor for placement on the Plan Sponsor's website.
- 5. The Contractor must send a mutually agreed upon Plan Sponsor specific member satisfaction survey on an annual basis and report results to the Plan Sponsor as indicated in 1.022.H, SLA #2.

(F) Enrollment and Eligibility

CSC is responsible for transmitting eligibility and enrollment information for State active employees, COBRA participants, and their Dependents. ORS is responsible for transmitting eligibility and enrollment information for the State Employee Retirement System (SERS), State Police Retirement System (SPRS), Judges Retirement System (JRS), and the Military Retirement System (MRS), including COBRA users of those systems. ORS is also responsible for transmitting eligibility and enrollment information for some of the Defined Contribution former qualified participants. Contractor must be prepared to accept and coordinate two different data files from two separate state agencies (CSC and ORS), as indicated in Attachment C.

Payment of Administration Fee/premiums is predicated on the enrollment records of the Plan Sponsor.



1. Contractor must maintain member information.
2. Contractor must provide the Plan Sponsor with online access to the Contractor's eligibility system.
3. Data for active and COBRA Members will be supplied through the Human Resource Management Network (HRMN). Eligibility information will be transferred, by CSC, via Data Exchange Gateway (or another method selected by the State). The State sends an 834 HIPAA compliant "changes only" file on a weekly basis and a "full file" quarterly.

Eligibility information for Members who are enrolled retirees will be transferred by ORS using the Data Exchange Gateway (or another method selected by the state). ORS sends an 834 formatted "changes only" file weekly. Data for retirees, their dependents, and any retirees or retiree-dependents on COBRA is supplied from the retirement account management system, Clarety.

4. The Contractor must be able to accept the Plan Sponsor's electronic enrollment files in the file format indicated in the File Layouts, Attachment C. Contractor must be able to process change transactions to maintain up-to-date information for eligibility certification. The file must be processed and Member eligibility and/or enrollment update completed within one business day of notification from the Plan Sponsor or its designee, with confirmation of changes submitted to the Plan Sponsor and number of records loaded. The Contractor must accept a full file on a quarterly basis.
5. Upon verbal notification by authorized Plan Sponsor representatives, Member eligibility and/or enrollment updates must be completed in real-time by the Contractor.
6. The Contractor must have both accessible and experienced staff of information technology professionals to provide timely programming when needed to implement system changes and produce reports.
7. The Contractor must use a system similar to a Secure Sockets Layer (SSL) Message Center for all administrative communications concerning individual Members.
8. The State requires use of its Data Exchange Gateway (or another method selected by the State) for all file transmissions. Electronic transmission of identifiable data must be protected by passwords and a Secure File Transfer Protocol (SFTP) method.
9. Contractor must comply with all requirements of HIPAA.
10. Contractor must maintain Member information. Any changes, additions, or terminations of Member enrollment information or changes or additions to Member demographic information must originate from the Plan Sponsor. Contractor must not make any changes to Member information that would lead to Contractor and Plan Sponsor having different information for the same Member.
11. Contractor must maintain a Member's enrollment in the Plan unless otherwise notified by Plan Sponsor, regardless of notifications from any other source.
12. Contractor is responsible for any changes, and any associated costs therein, to their systems or processes required to support the receipt and processing of Plan Sponsor's enrollment files. Contractor must work with Plan Sponsor to develop a timeline for implementation and testing of any system changes. Contractor must maintain a testing environment for such purposes.
13. Contractor must have validation edits in place to ensure, for each data load, that all fields are properly populated and readable. One-hundred percent of all accurate records that pass Contractor's validation edits must be uploaded according to the Plan Sponsor's schedule within one Business Day. Any records that do not pass Contractor's validation tests must be reported to Plan Sponsor within two Business Days after the file has been uploaded. All discrepancy reporting must be in the format defined by the Plan Sponsor.
14. The Contractor must have the capability to maintain and update weekly eligibility files.
15. The Contractor must have services and functions that will be available to the Plan Sponsors and contract holders on the Internet.

**(G) Audits**

The State intends to periodically (at least once every two years) perform on-site audits of plan administrators. Contractor must make records associated with the administration of the State's Plans available to, and must cooperate with, such auditors and audits as the State may designate. The Contractor must maintain and make available to the State's auditors one or all of the following claim source documents for the audit:

- Paper claim submission – Original document or microfilm or print-out of imaged claim document.
- Optical Character Recognition (OCR) – Copy of original paper document.
- Electronic Data Interchange (EDI) – Documentation of original submitted data (in a readable format) as it appeared when received by administrator.

The State's current approach has been to audit two Plan Years at one time, conducted within 12 months of the end of the second year audited. The State reserves the right to change this approach without prior notice.

(H) Performance Guarantees / Service Level Agreements (SLAs)

Contractor must ensure that the SLAs are measurable using the Contractor's standard management information systems. Every SLA must have a report provided that is deemed adequate by the Plan Sponsor to verify the SLA has been met. SLAs without a corresponding report will be deemed unmet and subject to the penalty. The Plan Sponsor reserves the right to independently verify the Contractor's assessment of its performance, either by State employee or third party review. Disagreements regarding SLAs will be subject to Dispute Resolution (§ 2.190).

Within 45 Days after the end of each calendar quarter, the Contractor must provide the Plan Sponsor with a report assessing the Contractor's performance under each SLA for the Plan Sponsor, and provide payment for any applicable penalties to the Plan Sponsor. Any metric that is reported must be accompanied by supporting documentation.

The following self-insured option SLAs relate to on-going Services and will apply throughout the duration of the Contract, including any optional renewal periods (if exercised).

SLAs are for all Services provided under this Contract for the Plan Sponsor.

SLA # 1
Identification Cards
Guarantee
100% of new Contract Holders' ID Cards must be mailed within 10 days of Contractor receiving eligibility record. ID Cards must have an accuracy rate of 99.00% or higher.
The Contractor must measure monthly and report its performance on this SLA on a quarterly basis. Performance must be substantiated by documentation providing proof of receipt date and mailing date.
Accuracy must be measured by sampling ID card production to ensure 99.00% accuracy of information.
Penalty
The penalty for failure to meet the Identification Card Timeliness SLA is 1.00% of the monthly Administration Fee for each month missed.
The penalty for failure to meet the Identification Card Accuracy SLA is 1.00% of the monthly Administration Fee for each month missed.

SLA # 2
Member Satisfaction Surveys
Guarantee
One statistically valid randomly sampled Member survey must be completed annually within the Contract year being assessed. Survey tool and scoring criteria must be mutually agreed upon within the first three months of Contract effective date. Results must be delivered to the Plan Sponsor within 90 days.
Penalty
The penalty for failure to meet 85.00% survey satisfaction is 2.00% of Contractor's annual Administration Fee. Failure to reach 80.00% will result in an additional 1.00% penalty of Contractor's annual Administration Fee.



SLA # 3
First Call Resolution
Guarantee
95.00% or greater of Member calls to Contractor's toll-free telephone line must be resolved within 24 hours of a Customer Service Representative's receipt of the call. A call is considered unresolved if a Member calls Contractor's toll-free telephone line with the same 'reason for call' within the immediately subsequent five day period. Members following up on same issue within seven calendar days cannot be considered resolved.
Contractor must measure monthly and report their performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.50% of Contractor's total Administration fee for the month missed.

SLA # 4
Customer Service Call – Average Speed of Answer
Guarantee
On a monthly basis, 95.00% of the calls must be answered in 30 seconds or less.
Contractor must measure monthly and report their performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.50% of Contractor's total Administration fee for the month missed.

SLA # 5
Customer Service Call - Telephone Servicing Factor
Guarantee
85.00% of calls must have a service level time of 30 seconds.
Contractor must measure monthly and report their performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.00% of Contractor's Administration Fee for the month missed.

SLA # 6
Customer Service Response Time - Percent of Calls Abandoned
Guarantee
The monthly call abandonment rate must not exceed 3.00% (determined by the number of calls abandoned by the total number of calls). A call will be considered abandoned if the Member hangs up at any time after initiating a transfer out of the IVR.
Contractor must measure monthly and report their performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 2.00% of Contractor's monthly Administration fee for each month missed.



SLA # 7
Customer Service Response Time to Written Inquiries
Guarantee
Contractor must resolve 95.00% of all Member Written Inquiries within five Business Days of receipt; 100.00% of all Written Inquiries must be resolved within 30 Calendar Days. Written Inquiries will include those forwarded to the Contractor by the Plan Sponsor and the receipt date will be considered the date the Written Inquiry is received by the Contractor.
Contractor must measure monthly and report their performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.00% of Contractor's administrative fee for each month missed.
SLA # 8
Timely Production of Complete Management Reports
Guarantee
Contractor must provide complete monthly and quarterly reports within 45 Days of the end of the month and quarter, and annual reports within 90 days of Plan year end.
The Contractor must measure and report its performance on this SLA on a quarterly or annual basis, depending on report.
Penalty
The penalty for failure to meet the reporting requirements of this SLA is 2.00% per quarter not met, of the total quarterly Administrative Fee paid to the Contractor by the Plan Sponsor for each quarter that the SLA is not met. Each monthly report must be received timely within the respected timeframe of the report in order to meet the quarterly SLA. The penalty for failure to meet the annual report deadline will be 2.00% of the yearly averaged quarterly Administrative Fee paid to the Contractor by the Plan Sponsor.

SLA # 9
Financial Error Rate
Guarantee
The financial error (as defined as the number of claims containing a financial error divided by the total number of claims) must not exceed 1.00%.
Contractor must measure monthly and report its performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 5.00% for each month missed of Contractor's monthly Administration Fee.

SLA # 10
Non-financial Error Rate
Guarantee
The non-financial error rate (as defined as the number of claims with a non-financial error divided by the total number of claims) must not exceed 1.00%.
Contractor must measure monthly and report its performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.00% for each month missed of Contractor's monthly Administration Fee.



SLA # 11
Average Claims Turnaround
Guarantee
The average time between when Claims have been received and paid must not exceed 10 Days.
Contractor must measure monthly and report its performance on this SLA on a quarterly basis.
Penalty
The penalty for failure to meet this SLA is 1.50% for each month missed of Contractor's Administration Fee for the month.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

Pursuant to § 2.060, *Contract Management*, Contractor must provide sufficient staffing resources for completion of the tasks and services as defined in this Contract. As part of its implementation plan, Contractor must also provide a detailed description of its company accreditations, licenses, and requirements listed below, and a detailed description of its key staff, additional staff, and its Subcontractors as related to this project, for final review and approval by the respective, assigned CCI, as follows:

(A) Key Personnel / Staff:

Key Personnel who are NOT located in Michigan must be made available to the Plan Sponsor on a reasonably frequent basis (as determined or scheduled by Plan Sponsor or CCI, as designated by the State). The Contractor must assign not less than the following Key Personnel, subject to the requirements in § 2.062:

1. One Senior Account Manager (SAM)'s role and responsibilities must include:
 - a. Serving as the single point of accountability for all projects initiated between the Contractor and the Plan Sponsor for management of the Contractor's Account Team;
 - b. Authority to make day-to-day decisions regarding service issues;
 - c. Ability within the Contractor's organization to obtain the use of Contractor's resources, both direct and indirect, as necessary;
 - d. Designating one back-up to the SAM, whose role and responsibilities must include involvement in account management and who is capable of performing the responsibilities of the SAM in the event that the SAM is unavailable. The Contractor's SAM back-up must be familiar with all specific requirements of this Contract. This back-up role may be filled by another key-staff person.
2. SAM: Arva Overton
SAM Back-up: Karen Channing

(B) Additional Staff:

Additional staff assignments are not considered key, but their roles are considered an integral complement to the roles, responsibilities, and abilities of the Contractor's key-staff. These roles may include not only the staff roles listed below, but also may include other IT-System Technicians, Security Specialists, Accounting or Audit staff, Administrative support staff, etc. Contractor must include a detailed description of these additional roles in its implementation plan to be approved by the CCI and Plan Sponsor:

1. Enrollment & Customer Service Specialist(s)
2. Optometrist or Ophthalmologist

(C) Subcontractor(s):

Subcontractors are not considered key, but their roles are considered an integral compliment to the roles, responsibilities, and abilities of the Contractor's key-staff and additional staff. Pursuant to § 2.044, *Subcontracting by Contractor*, delegation of any portion of the services is subject to written, pre-approval by the State, and Contractor must include a detailed description of these roles and responsibilities in the implementation plan.

**(D) Additional Staff Responsibilities**

1. Contractor must participate in meetings with Plan Sponsor as determined by Plan Sponsor. The Contractor must review all open projects and present the status, progress and results of each project. The Contractor must provide data and cost analysis upon request.
2. Quarterly meetings must be held at a location as determined by the Plan Sponsor (these meetings may be conducted via teleconference), and additional meetings may be held each year, for the purpose of:
 - a. Contractor's performance on Service Level Agreements. The Contractor must meet with the Plan Sponsor to review plan performance, report on progress, and identify improvement opportunities.
 - b. Contractor's comprehensive review of the cost and utilization experience of the Plan, including, but not limited to:
 - i. Proposed solutions to performance variances (such as cost, utilization, and administrative performance and their root causes).
3. The Contractor must participate in strategic planning sessions to provide the following:
 - a. Data analysis with commensurate recommendations and cost-benefit analysis to provide support for proposed plan modifications and for subjects of bargaining.
 - b. Review of changes in the market and identification of emerging trends.
 - c. Provide seminars on related topics for the Plan Sponsor.
4. The Contractor must obtain the Plan Sponsor's prior approval of any administrative changes in the Contractor's systems or procedures that impact the Plan Sponsor and/or Members.

1.040 Project Plan**1.041 Project Plan Management**

There will be no fee to CSC for Contract Implementation.

- (A) Contractor must carry out this project under the direction and control of the CSC, EBD; all transition and implementation plans are subject to the approval of the Plan Sponsor CCI.
- (B) There must be continuous liaising with the Contractor during this Contract, particularly during any process involving CSC partners or the Plan Sponsor. The Plan Sponsor CCI will meet with the Contractor's SAM for initial review of the Contractor's work plan prior to beginning service delivery and then periodically, as needed. The meetings will provide for reviewing progress and providing necessary guidance to the Contractor regarding the timing of activities and solving issues or problems.
- (C) The project plan (also referred to as the implementation plan or the work plan) and the corresponding timeline or calendar must describe in detail:
 1. all major project milestones;
 2. the anticipated outcomes for each milestone;
 3. detailed discussion on how to manage a possible transition process from the current Contractor, if applicable; and
 4. all tasks, duties, or responsibilities associated with implementation and complete Contract administration on October 1, 2013.
- (D) The plan must also describe in detail:
 1. Contractor's project management approach, including identifying methods, tools, and processes intended for oversight and completion of the implementation.



2. Any anticipated issues/changes, when they may arise, and how those issues will be conveyed to the appropriate State staff, and include suggested resolution or risk mitigation strategies to the issue(s).
 3. Final Disruption Analysis and a plan for averting disruptions and communicating any disruptions to affected members.
 4. A detailed protocol and escalation communication process; the plan must also provide escalation procedures and contact information for issues that may need to be escalated above the SAM.
 5. Any additional information or considerations for timely implementation pursuant to the Contract requirements.
- (E) At a minimum, the following milestones and timeframe(s) must be accomplished and completed by Contractor, unless otherwise approved by the Plan Sponsor CCI (via the implementation plan, etc.):
1. A detailed calendar or schedule for the Implementation Period.
 2. Final draft of implementation plan submitted to Plan Sponsor CCI within five State-business days from Contract award date, including Contractor's project plan management approach and detailed explanation of any identifying methods, tools, and processes, intended for oversight and completion of the implementation for October 1, 2013.
 3. Final approval of Implementation Plan obtained from Plan Sponsor CCI 14-days after submission of draft.

1.042 Reports

Contractor must provide proper and timely analysis and reports, in a format as determined by the Plan Sponsor CCI. Failure to adhere to the timeframes indicated will result in SLA penalties.

(A) Monthly Reports

The following reports must be produced within 45 calendar days of the end of the month:

- (a) A brief summary (in letter form) of significant activities, issues or problems identified or addressed during the month, or anticipated in subsequent months.
- (b) Claim Report, showing claims paid in the month, broken out by Actives, Active – COBRA, Retirees, and Retiree – COBRA, showing number of services, charges, employee copays, and plan payments, summarized by month of service.
- (c) Claim Lag Report, separated by Actives and Retirees, updated monthly for year-to-date claims, using the sample format attached as Attachment C.
- (d) Participant Report, number of subscribers and number of dependents covered, broken out by Actives, Active – COBRA, Retirees and Retiree – COBRA.

(B) Quarterly Reports

The following reports must be produced within 45 calendar days of the end of the quarter:

- (a) Claims Paid Report, if requested by Plan Sponsor, broken out by Actives, Active – COBRA, Retirees, Retirees – COBRA showing number of services, charges, Approved Amounts, copays and plan payments, with the following additional splits (separate reports for each):
 - (1) By participating and non-participating providers.
 - (2) By subscriber and dependents, by major categories of service (exams, frames, single vision lenses, bifocal lenses, trifocal lenses, medically necessary contacts, non-medically necessary contacts, all other).
 - (3) Turnaround time in payment of claims.
 - (4) Professional reviews and/or audits conducted.



- (b) Performance Standard Guarantee Report detailing and providing backup for the Service Level Agreements.
- (c) Appeal reporting that details the count, appealed issue, date received by Contractor, date addressed by Contractor, and results of the Appeal.
- (d) Grievance reporting that details the count, grieved issue, and any action items taken to resolve the situation.

(C) Annual Reports

The following reports must be produced within 90 calendar days of the end of the year:

- (a) Management Summary Report: full financial and enrollment experience, including the items shown in monthly and quarterly reports, summarized to an annual basis.
- (b) Claims Paid Report, if requested by Plan Sponsor, broken out by Actives, Actives – COBRA, Retirees, Retirees – COBRA, further split by subscribers and dependents, showing number of services, charges, Approved Amounts, copays, and plan payments, split by procedure/service codes.
 - (1) By participating and non-participating providers.
 - (2) By subscriber and dependents, by major categories or service (exams, frames, single vision lenses, bifocal lenses, trifocal lenses, medically necessary contracts, non-medically necessary contracts, all other).
 - (3) Turnaround time in payment of claims.
 - (4) Professional reviews and/or audits (Including the SSAE 16).
- (c) Detailed Claims Report, of detailed claims data paid for the year.

The State requires secure on-line or electronic reporting capability.

(D) SLA Reports

Provide as required.

Note: The Plan Sponsor's COBRA membership will be included with the active and retiree reports.

1.050 Acceptance

1.051 Criteria

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this Contract:

- Timeliness of meetings and report completion;
- Adherence to Implementation Plan and approved calendar; and
- Adherence to Performance Guarantees / Service Level Agreements.

1.052 Reserved

1.060 Pricing

1.061 Pricing

For authorized Services and Price List, see Attachment A.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

1.062 Price Term

Prices are firm for the entire length of the Contract.



1.063 Tax Excluded from Price

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

1.064 Reserved

1.070 Reserved



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

The Contract is for a period of three years beginning October 1, 2013, through September 30, 2016. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

The Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two additional one-year periods.

2.003 Legal Effect

Contractor must show acceptance of the Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments & Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing the Contract, are incorporated in their entirety and form part of the Contract.

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor must furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.

2.007 Headings

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Form, Function & Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 Reformation and Severability

Each provision of the Contract is severable from all other provisions of the Contract and, if one (1) or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.



2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.020 Contract Administration

2.021 Issuing Office

The Contract is issued by the Department of Technology, Management and Budget, DTMB-Procurement and CSC (collectively, including all other relevant State of Michigan departments and agencies, the "State"). DTMB-Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. DTMB-Procurement **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within DTMB-Procurement for the Contract is:

Lance Kingsbury, Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
kingsburyl@michigan.gov
Phone: 517-241-3768

2.022 Contract Compliance Inspector

After DTMB-Procurement receives the properly executed Contract, it is anticipated that the Chief Procurement Officer of DTMB-Procurement, in consultation with CSC, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Procurement.** The CCI for the Contract is:

Lauri Schmidt, Civil Service Commission
Employee Benefits Division
Capitol Commons Center, 4th Floor
P.O. Box 30002
Lansing MI 48909
schmidtL@michigan.gov
Phone: 517-373-1846
Fax: 517-373-3174

2.023 Project Manager

The following individual will oversee the project:

Danielle Leutz, Benefits Analyst
Civil Service Commission
Employee Benefits Division
Capitol Commons Center, 4th Floor
P.O. Box 30002
Lansing MI 48909
leutzd@michigan.gov
Phone: 517-373-8710
Fax: 517-373-3174



2.024 Change Requests

The State reserves the right to request, from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-Procurement.
- (c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments

- (a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.



receive
relieved of its

(b) Contractor may not, without the prior written approval of the State, assign its right to payments due under the Contract. If the State permits an assignment, the Contractor is not responsible to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign the Contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.030 General Provisions

2.031 Reserved

2.032 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the RFP and Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the RFP and Contract are to be released without prior written approval of the State and then only to persons designated.

2.033 Contract Distribution

DTMB-Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by DTMB-Procurement.

2.034 Permits

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.035 Website Incorporation

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.036 Future Bidding Preclusion

Contractor acknowledges that, to the extent the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP.

2.037 Freedom of Information

All information in any proposal submitted to the State by Contractor and the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

2.038 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under the Contract must provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.



2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under the subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under the Contract, the State must not be obligated to pay any amounts in addition to the charges specified in the Contract.

2.044 Invoicing and Payment – In General

(a) Each Statement of Work issued under the Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) Contract Payment Schedule

1. Contractor request for performance-based payment.
The Contractor may submit requests for payment of performance-based payments not more frequently than monthly, in a form and manner acceptable to the CCI. Unless otherwise authorized by the CCI, all performance-based payments in any period for which payment is being requested must be included in a single request, appropriately itemized and totaled.
2. Approval and payment of requests.
 - a) The Contractor is not entitled to payment of a request for performance-based payment prior to successful accomplishment of the event or performance criterion for which payment is requested. The CCI must determine whether the event or performance criterion for which payment is requested has been successfully accomplished in accordance with the terms of the Contract. The CCI may, at any time, require the Contractor to substantiate the successful performance of any event or performance criterion, which has been or is represented as being payable.
 - b) A payment under this performance-based payment clause is a contract financing payment under the Quick Payment Terms in **Section 1.061** of the Contract.
 - c) The approval by the CCI of a request for performance-based payment does not constitute an acceptance by the State and does not excuse the Contractor from performance of obligations under the Contract.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

2.046 Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of the Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with the Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.



2.048 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 Contractor Personnel Qualifications

All persons assigned by Contractor to the performance of Services under the Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of the Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for the Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.062 Contractor Key Personnel

- (a) The Contractor must provide the CCI with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements and appropriate transition planning must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

**2.063 Re-assignment of Personnel at the State's Request**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

2.070 Subcontracting by Contractor**2.071 Contractor Full Responsibility**

Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Procurement has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in



delay not reasonable anticipatable under the circumstances and which is attributable to the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.074 Flow Down

Except where specifically approved in writing by the State on a case-by-case basis, Contractor must flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.080 State Responsibilities

2.081 Equipment

The State must provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to, and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor must not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090 Security

2.091 Background Checks

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 72 hours of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.



2.093 PCI Data Security Standard

- (a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Card Industry (PCI) Data Security Standards. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.
- (b) The Contractor must notify the CCI (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.
- (c) The Contractor must properly dispose of cardholder data, in compliance with DTMB policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.
- (d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

2.100 Confidentiality

2.101 Confidentiality

Contractor and the State each acknowledge that the other possesses, and will continue to possess, confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under the Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

2.103 Exclusions

Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

**2.104 No Implied Rights**

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations

The parties' respective obligations under this Section must survive the termination or expiration of the Contract for any reason.

2.110 Records and Inspections**2.111 Inspection of Work Performed**

The State's authorized representatives, at reasonable times and with 10 days prior notice, have the right to enter the Contractor's premises or any other places where work is being performed in relation to this Contract. The representatives may inspect, monitor, or evaluate the work being performed, to the extent the access will not reasonably interfere with or jeopardize the safety or operation of Contractor's systems or facilities. The Contractor must provide reasonable assistance for the State's representatives during inspections.

2.112 Retention of Records

(a) The Contractor must retain all financial and accounting records related to this Contract for a period of seven years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.113 Examination of Records

(a) The State, upon 10 days' notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract.

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract must be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for three years after the later of the expiration date or final payment under the Contract.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review any audit report promptly after its issuance. The Contractor must respond to each report in writing within 30 days after receiving the report, unless the report specifies a shorter response time. The Contractor and the State must develop, agree upon, and monitor an action plan to promptly address and resolve any deficiencies, concerns, or recommendations in the report.

2.115 Errors

(a) If an audit reveals any financial errors in the records provided to the State, the amount in error must be reflected as a credit or debit on the next invoice and subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried forward for more than four invoices or beyond the termination of the Contract. If a balance remains after four invoices, the remaining amount will be due as a payment or refund within 45 days of the last invoice on which the balance appeared or upon termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

2.120 Warranties**2.121 Warranties and Representations**

The Contractor represents and warrants:



(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, and workman-like manner and must meet the performance and operational standards required under the Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under the Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under the Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in the Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(e) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into the Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Procurement.

2.122 Warranty of Merchantability

Goods provided by Contractor under this agreement must be merchantable. All goods provided under the Contract must be of good quality within the description given by the State, must be fit for their ordinary purpose, must be adequately contained and packaged within the description given by the State, must conform to the agreed upon specifications, and must conform to the affirmations of fact made by the Contractor or on the container or label.

2.123 Warranty of Fitness for a Particular Purpose

When the Contractor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the Contractor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

2.124 Warranty of Title

Contractor must, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor must be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under the Contract, must be delivered free of any rightful claim of any third person by of infringement or the like.

2.125 Reserved

2.126 Equipment to be New

If applicable, all equipment provided under the Contract by Contractor must be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.



2.127 Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, is considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items must remain consistent for the term of the Contract, unless DTMB-Procurement has approved a change order pursuant to **Section 2.024**.

2.128 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of the Contract.

2.130 Insurance

2.131 Liability Insurance

For the purpose of this Section, "State" includes its departments, divisions, agencies, offices, commissions, officers, employees, and agents.

(a) The Contractor must provide proof that it has obtained the minimum levels of insurance coverage indicated or required by law, whichever is greater. The insurance must protect the State from claims that may arise out of, or result from, or are alleged to arise out of, or result from, the Contractor's or a Subcontractor's performance, including any person directly or indirectly employed by the Contractor or a Subcontractor, or any person for whose acts the Contractor or a Subcontractor may be liable.

(b) The Contractor waives all rights against the State for the recovery of damages that are covered by the insurance policies the Contractor is required to maintain under this Section. The Contractor's failure to obtain and maintain the required insurance will not limit this waiver.

(c) All insurance coverage provided relative to this Contract is primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State.

(d) The State, in its sole discretion, may approve the use of a fully-funded self-insurance program in place of any specified insurance identified in this Section.

(e) Unless the State approves otherwise, any insurer must have an A.M. Best rating of "A" or better and a financial size of VII or better, or if those ratings are not available, a comparable rating from an insurance rating agency approved by the State. All policies of insurance must be issued by companies that have been approved to do business in the State.

(f) Where specific coverage limits are listed in this Section, they represent the minimum acceptable limits. If the Contractor's policy contains higher limits, the State is entitled to coverage to the extent of the higher limits.

(g) The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions. However, in the case of claims-made Commercial General Liability policies, the Contractor must secure tail coverage for at least three years following the termination of this Contract.

(h) The Contractor must provide, within five business days, written notice to the Director of DTMB-Procurement if any policy required under this section is cancelled. The notice must include the applicable Contract or Purchase Order number.

(i) The minimum limits of coverage specified are not intended, and may not be construed, to limit any liability or indemnity of the Contractor to any indemnified party or other persons.

(j) The Contractor is responsible for the payment of all deductibles.

(k) If the Contractor fails to pay any premium for a required insurance policy, or if any insurer cancels or significantly reduces any required insurance without the State's approval, the State may, after giving the Contractor at least 30 days' notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or require the Contractor to pay that cost upon demand.

(l) In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Michigan Attorney General.

(m) The Contractor is required to pay for and provide the type and amount of insurance checked ☒ below:

☒ (i) Commercial General Liability

Minimal Limits:

\$2,000,000.00 General Aggregate Limit other than Products/Completed Operations;
 \$2,000,000.00 Products/Completed Operations Aggregate Limit;
 \$1,000,000.00 Personal & Advertising Injury Limit; and
 \$1,000,000.00 Each Occurrence Limit.

Deductible maximum:

\$50,000.00 Each Occurrence

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that the insurance policy contains a waiver of subrogation by the insurance company.

☐ **(ii) Umbrella or Excess Liability**Minimal Limits:

\$10,000,000.00 General Aggregate

Additional Requirements:

Umbrella or Excess Liability limits must at least apply to the insurance required in (i), General Commercial Liability. The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☒ **(iii) Motor Vehicle**Minimal Limits:

If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.

☐ **(iv) Hired and Non-Owned Motor Vehicle**Minimal Limits:

\$1,000,000.00 Per Accident

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☒ **(v) Workers' Compensation Insurance**Minimal Limits:

The Contractor must provide Workers' Compensation coverage according to applicable laws governing work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, the Contractor must provide proof of an approved self-insured authority by the jurisdiction of domicile.

For employees working outside of the state of the Contractor's domicile, the Contractor must provide certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Additional Requirements:

The Contractor must provide the applicable certificates of insurance and a list of states where the coverage is applicable. Contractor must provide proof that the Workers' Compensation insurance policies contain a waiver of subrogation by the insurance company, except where such a provision is prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☒ **(vi) Employers Liability**Minimal Limits:

\$100,000.00 Each Incident;
\$100,000.00 Each Employee by Disease
\$500,000.00 Aggregate Disease

Additional Requirements:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☒ **(vii) Employee Fidelity (Crime)**Minimal Limits:

\$3,000,000.00 Employee Theft Per Loss

Deductible Maximum:

\$50,000.00.00 Per Loss



Burglary,

Additional Requirements:

Insurance must cover Forgery and Alteration, Theft of Money and Securities, Robbery and Safe Computer Fraud, Funds Transfer Fraud, Money Order and Counterfeit Currency.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as Loss Payees on the certificate.

☒ **(viii) Professional Liability (Errors and Omissions)**Minimal Limits:

\$1,000,000.00 Each Occurrence
\$1,000,000.00 Annual Aggregate

Deductible Maximum:

\$50,000.00 Per Loss

☐ **(ix) Medical Malpractice**Minimal Limits:

(Small Provider) \$200,000 Each Occurrence
\$600,000 Annual Aggregate

(Large Provider) \$1,000,000 Each Occurrence
\$3,000,000 Annual Aggregate

Deductible Maximum:

\$5,000.00 Each Occurrence

☒ **Cyber Liability**Minimal Limits:

\$1,000,000.00 Each Occurrence
\$1,000,000.00 Annual Aggregate

Additional Requirements:

Insurance should cover (a) unauthorized acquisition, access, use, physical taking, identity theft, mysterious disappearance, release, distribution or disclosures of personal and corporate information; (b) Transmitting or receiving malicious code via the insured's computer system; (c) Denial of service attacks or the inability to access websites or computer systems.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☐ **(xi) Property Insurance**

Property Insurance covering any loss or damage to the State-owned office space used by Contractor for any reason under this Contract, and the State-owned equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 Subcontractor Insurance Coverage

Except where the State has approved a subcontract with other insurance provisions, the Contractor must require any Subcontractor to purchase and maintain the insurance coverage required in Section 2.131, Liability Insurance. Alternatively, the Contractor may include a Subcontractor under the Contractor's insurance on the coverage required in that Section. The failure of a Subcontractor to comply with insurance requirements does not limit the Contractor's liability or responsibility.

2.133 Certificates of Insurance

Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents are listed as additional insureds as required. The Contractor must provide DTMB-Procurement with all applicable certificates of insurance verifying insurance coverage or providing, if approved, satisfactory evidence of self-insurance as required in Section 2.131, Liability Insurance. Each certificate must be on the

standard "Accord" form or equivalent and MUST IDENTIFY THE APPLICABLE CONTRACT PURCHASE ORDER NUMBER.



OR

2.140 Indemnification

2.141 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under the Contract.

2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures

The procedures set forth below must apply to all indemnity obligations under the Contract.

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove



damages attributable to the failure. Within 10 days following receipt of written notice from the to any claim, the Contractor must notify the State in writing whether Contractor agrees to control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

(a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by the Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

(c) If the State chooses to partially terminate the Contract for cause, charges payable under the Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates the Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in the Contract for a termination for convenience.



2.153 Termination for Convenience

The State may terminate the Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate the Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

(a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

The State may terminate the Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 Rights and Obligations upon Termination

(a) If the State terminates the Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from the Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates the Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment



under the Contract, for Work In Process, on a percentage of completion basis at the level of determined by the State. All completed or partially completed Deliverables prepared by under the Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for Services and Deliverables provided under the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Reserved

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 30 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175.**

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or vendors. Contractor must notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under the Contract. The Contractor must provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor must deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that the Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:



- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment must conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in the Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

- (i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.
- (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (iv) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.



is authorized
period, to

(b) This Section must not be construed to prevent either party from instituting, and a party to institute, formal proceedings earlier to avoid the expiration of any applicable limitations preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Work Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 Reserved

2.210 Governing Law

2.211 Governing Law

The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 Jurisdiction

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to



the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and
 - (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

- (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.
- (2) Contractor must also notify DTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- (3) Contractor must also notify DTMB Procurement within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

Contractor and/or all Subcontractors involved in the performance of the Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of the Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:



- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

(a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreements (SLAs)

- (a) SLAs will be completed with the following operational considerations:
- (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
 - (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
 - (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
 - (iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
 1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) is defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service must not affect any tiered pricing levels.

(c) Root Cause Analysis must be performed on any business critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor must provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places, with five and greater rounding up and four and less rounding down, unless otherwise specified.

2.243 Reserved



2.244 Excusable Failure

Neither party will be liable for any default, damage, or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. but the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under the Contract.

- (a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.
- (b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage. Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

2.252 Delivery of Deliverables

Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and



delivered for State review and written approval and, where applicable, installed according to the approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing

(a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor must first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

2.254 Approval of Deliverables, In General

(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

2.255 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review



Period, it is by default five Business Days for Written Deliverables of 100 pages or less and 10 Days for Written Deliverables of more than 100 pages). The duration of the State Review Period will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.256 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.257 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.258 Final Acceptance

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

2.261 Ownership of Work Product by State

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents, or other proprietary rights in the Deliverables.

2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor must not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the



Contractor.
access to the

general public or to specific third parties or commercially exploited by or on behalf of the No employees of the Contractor, other than those on a strictly need-to-know basis, have State's data. Contractor must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State must not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.270 State Standards

2.271 Existing Technology Standards

The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards [at http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html](http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html).

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://www.michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 Systems Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration management procedures.

2.274 Electronic Receipt Processing Standard

All electronic commerce applications that allow for electronic receipt of credit/debit card and electronic check (ACH) transactions must be processed via the Centralized Electronic Payment Authorization System (CEPAS).

2.280 Reserved

2.290 Environmental Provision

2.291 Environmental Provision

Hazardous Materials:

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation, or disposal of which is regulated by the federal, State, or local laws governing the protection of the public health, natural resources, or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which



notify the
precautions.

may present a substantial danger, the Contractor must immediately stop all affected Work, State in writing about the conditions encountered, and take appropriate health and safety

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning:

The Contractor must comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to the Contract.

Environmental Performance:

Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials
Equipment, materials, or supplies, that will be furnished to the State under the Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude.

"Forced or indentured child labor" means all work or service: exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.



Attachment A – Claims Repricing & Pricing

Three Year Pricing:

Pricing Option	Plan Year 1	Plan Year 2	Plan Year 3	Total 3 Year
Self-Funded Option				
Per Contract Per Month (PCPM) - Administrative Service Only Fee	\$0.45	\$0.46	\$0.48	\$1.39
Claims Cost (From Claims Repricing)	\$6,670,474.00	\$6,737,178.74	\$6,804,550.53	\$20,212,203.27
Total System Cost:	\$7,207,714.60	\$7,290,536.56	\$7,374,509.08	\$21,872,760.24
Member Out-of-Pocket Claims Cost	\$325,023.00	\$325,023.00	\$325,023.00	\$975,069.00



Attachment B – Plan Design

The Vision benefits are the same for all members except for Eyeglass Frame benefit, which varies by union group and is indicated in the chart below.

Benefit	In-Network	Out-of-Network
Vision Examinations	\$5.00 copay, then 100%	\$5.00 copay, then 75% of R&C
Eyeglass Frames and Medically Necessary Lenses	\$7.50 copay*	Not Covered
Eyeglass Frames		
<i>All Union Employees, non-represented and Retirees (excluding ASFCME and SEIU – HSS)</i>	\$25.00 acquisition plus dispensing fee	Up to \$14.00
<i>ASFCME union represented employees</i>	\$45.00	Up to \$14.00
<i>SEIU – HSS union represented employees</i>	\$25.00 acquisition plus dispensing fee	Up to \$14.75
Regular Glass Lenses (up to 71 mm)		
• Single Vision	100%	Up to \$13.00/pair – glass Up to \$16.00/pair – plastic Up to \$15.00/pair - prism
• Bifocal Vision	100%	Up to \$20.00/pair- glass Up to \$23.00/pair – plastic Up to \$22.00/pair - prism
• Trifocal Vision	100%	Up to \$24.00/pair – glass Up to \$27.00/pair – plastic Up to \$26.00/pair - prism
Plastic Lenses	100%	Up to \$3.00/pair additional
Prism Lenses	100%	Up to \$2.00/pair additional
Special Lenses	100%	50% of providers charge OR 75% of the average benefit paid to participating providers for comparable lenses, whichever is less
Additional Lens Expenses (Tints equal to Rose #1 & #2)	100%	Up to \$3.00/pair
Contact Lenses		
• Medically Necessary	100%	Up to \$96.00/pair
• Not Medically Necessary	Up to \$90.00/pair	Up to \$40.00/pair
Frequency:		
<ul style="list-style-type: none"> Exams: One every 12 consecutive months (must be performed by optometrist or ophthalmologist) Lenses/Frames: One every 24 consecutive months (or one in every 12 months if prescription changes) 		
Vision Plan Exclusions:		
<ul style="list-style-type: none"> Sunglasses, photosensitive or anti-reflective lenses that cost more than the benefit for regular lenses Medical/surgical treatment and lenses and/or frames required as a result of medical and/or surgical treatment of birth defects Drugs or medications other than for vision testing examinations Special procedures such as vision training or subnormal vision aids 		



- Conditions requiring treatment as a result of employment or war
- Services before/after beginning/termination date of coverage
- Covered lenses or frames that are delivered 60 days or more after coverage ends
- Experimental or sub-standard services
- Services not recommended by a physician or optometrist
- Charges for completion of forms
- Replacement of lost or broken lenses or frames
- Cost of designer frames or frames that exceed allowable payments

*Member co-payment only applies to either lenses or frames, not to both, at the time of purchase.

Eligibility

An active employee that is in any category of State service with an appointment of at least 720 hours duration **and** if you are:

- A full-time employee
- A part time or job sharing employee working 32 hours or more every bi-weekly pay period
- A permanent intermittent employee expected to work every bi-weekly pay period and at least 40% of full time annually (minimum of 832 hours)

A seasonal employee must have an appointment lasting eight months or more a year.

Retired employees are eligible to enroll in the plan without interruption if:

- Retired under Defined Contribution Plan
- Receive an immediate defined pension benefit under one of the following plans:
 - State Employees' Retirement Act
 - State Police Retirement Act

Dependents may be covered if they are your wife or husband and children up to the age of 19. Dependent children may include:

- Unmarried children by birth, legal adoption, or legal guardianship while they are in your custody and dependent
- Unmarried children by birth, legal adoption, or legal guardianship not residing with the employee, but are employees legal responsibility for the provision of medical care

Existing coverage is automatically continued for incapacitated children age 19 and over.

Also, dependent children are eligible if they meet all of the following requirements:

- Be unmarried and between the ages of 19 and 25
- Be solely dependent for support
- Regularly attend an accredited school

No person is considered a dependent while in the armed forces of any country.

Eligibility begins the first day of the bi-weekly payroll following your completion of one full payroll period of employment.

**Attachment C – File Layouts****ORS 834 File Layout**

ISA*00* *00* *30*386000134 *30*<Vendor Tax ID#>
 *120504*2359*^*00501*000000001*0*P*::~~
 GS*BE*386000134*<Vendor Tax
 ID#>*20120504*2359*1*X*005010X220A1~ ST*834*0235*005010X220A1~
 BGN*00*235*20120504*2359****2~
 DTP*007*D8*20120504~
 N1*P5*MICHIGAN OFFICE OF RETIREMENT SERVICES*FI*386000134~
 N1*IN*<Vendor Name>*FI*<Vendor Tax
 ID#>~ INS*Y*18*021*28*A*E**RT*N*N~
 REF*0F*123456789~
 REF*6O*123456789~
 REF*ZZ*2&MIPG&20040501~
 REF*F6*123456789A~
 DTP*286*D8*20040501~
 DTP*356*D8*20120701~
 NM1*IL*1*DOE*JANE*L***34*123456789~
 PER*IP**HP*5551234568~
 N3*123 FIRST ST~
 N4*BELLEVUE*MI*49021~
 DMG*D8*19500101*F~
 HD*021**HLT**SPO~
 DTP*348*D8*20120701~
 INS*Y*18*001*43*A*C**RT*N*N~
 REF*0F*987654321~
 REF*6O*987654321~
 REF*ZZ*2&MIPG&19980701~
 REF*F6*987654321A~
 DTP*286*D8*19980701~



DTP*356*D8*20080401~

DTP*338*D8*20080401~

DTP*338*D8*20080401~

NM1*IL*1*DOE*JOHN*H***34*987654321~

PER*IP**HP*5559876543~

N3*111 MAIN ST~

N4*SALINE*MI*48176~

DMG*D8*19450401*M~

HD*001**HLT**ESP~

DTP*303*D8*20120501~

COB*P*987654321A*1~

DTP*344*D8*20080424~

NM1*IN*2*MEDICARE PART

A~ COB*P*987654321A*1~

DTP*344*D8*20080424~

NM1*IN*2*MEDICARE PART

B~ SE*39*0235~

GE*1*1~ IEA*1*000000001~



Attachment C (cont.)
CSC 834 User Guide
Batch Program
Extract Health Care Data File

Description:

This batch program is run on a scheduled basis each week and is used to extract data to populate the Health Care Enrollment Data File in order to capture new health care enrollment member information to be sent to each respective health care Contractor. When this batch program is requested to run as a resubmission, the data extract is the same as a previous file to a Contractor on a specified date.

Data Rules:

Selection Criteria:

Scheduled Job Stream (original file sent to Contractor)**Health Care Enrollment Data Tape**

Rule 1: This data file must capture and transmit all change instances of a health care plan. Once a record of the modification has been sent, it will not be sent again in a future batch run of this data file.

Examples:

1. If a dependent is added to the coverage of an existing contract, then send the information of the new dependent only.
2. If a dependent was dropped from the coverage, then send the information of the dependent that was dropped from the coverage.
3. If a new contract has been added, then the information on all the dependents covered in the health care contract will be sent to the Contractor.
4. If a contract was ended, then the information on all the dependents will be sent to the Contractor.

Rule 2: Once a record which represents a modification (an add, end, or update) is included in the batch, a flag field will be set (i.e. turned on) to indicate that the modification has been sent. This will prevent the record from being selected in a future batch run and prevent the health care plan from being deleted.

Rule 3: Whenever a change is made to existing contract policy to update missing contract person information, using a reason code as "updating data", the batch process should not send the information to the Contractor.

Selection Criteria:

- o Select records which have been modified (added, terminated, updated) on and before the date of the current batch run and where the 'Sent' indicator (see Rule 2 above) is set to 'off' (0) and also the 'Rdy_in' is set to 1. This indicator can be set to true (1) or false (0) from Tab Health Care. This will include records where the 'Change Effective Date' field may have been set for any date during the week or any time in the past. After conclusion of the batch, set the 'Sent' indicator to 'on' (1) for all records which were picked up in the selection. Set the sent date to the business date of the batch run.
- o Include in this selection, records where the 'Change Effective Date' field has been set for a future date up to and including 60 days beyond the date of the batch run. After conclusion of the batch, set the 'sent' indicator to 'on' (1) for all records which were picked up in the selection. Set the sent date to the business date of the batch run.
- o Do not include records where the 'Change Effective Date' of the modification is set more than 60 days beyond the date of the batch run.
- o Select records which have had an address change on and before the date of the current batch run from the end of the previous batch run. This will include records where be_addr.addr_in1_nm or be_addr.addr_in2_nm has been modified for any person owning a health care contract (subscribers). Any address changes made to non-health care owners will not be selected. Additionally, only address information will be selected for health care contract owners who only have changes made to their address information and not their health care contract information. Should a member have an address change and also health care information changes, all relevant address and health care data will be selected and written to the data file.



- o Select records which have had a name, birth date or SSN change on and before the date of the current batch run from the end of the previous batch run. This will include records where be_prsn.fst_nm, be_prsn.last_nm, be_prsn.mid_nm, be_prsn.dsgtn.cd, be_prsn.sfx.cd, be_prsn.brth_dt or be_prsn.ss_nr has changed for any person owning a health care contract. Any name or SSN changes made to non-health care owners will not be selected. Additionally, only name and SSN information will be selected for health care contract owners and covered, related individuals who only have changes made to their name, birth date, and SSN and not their health care contract information. Should a member have a name, birth date, or SSN change and also health care information changes, all relevant name, birth date, SSN, and health care data will be selected and written to the data file.

Requested Job Stream (for file resubmission to Contractors)

Rule 1: This data file must recapture and transmit all change instances of a health care plan based on specific input parameters. The parameters are as follows:

Contractor – Contractor for which the file will be resubmitted

Original Run Date – Date of the original file run date for a chosen Contractor. Selection Criteria:

- o Select records where the sent date equals the original run date entered by the user.

Data Population Rules:

Segment ISA

- This is a fixed length segment.

1. Authorization Information Qualifier

00 – No Authorization Information Present

2. Authorization Information

Fill with spaces. File is not reporting authorization information.

3. Security Information Qualifier

00 – No Security Information Present

4. Security Information

Fill with spaces. File is not reporting security information.

5. Interchange ID Qualifier

30 – U.S. Federal Tax Identification Number

6. Interchange Sender ID

Retirement System Tax ID number (be_org.tax_id_nr) with trailing spaces

7. Interchange ID Qualifier

30 – U.S. Federal Tax Identification Number

8. Interchange Receiver ID

Tax ID number of the receiver/health care Contractor (be_org.tax_id_nr) with trailing spaces

9. Interchange Date

Denotes the date that the file is created and will always be the business date on which the job is run in YYMMDD format.

10. Interchange Time

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

11. Interchange Control Standards Identifier

U – U.S. EDI Community of ASC X12, TDCC, and UCS

**12. Interchange Control Version Number**

00401 – Draft Standards for Trial Use Approved for Publication by ASC X12 Procedures Review Board through October 1997

13. Interchange Control Number

Unique system-defined number given to each file. This number will start with '000000001' and increase by an increment of one for each respective file produced.

14. Acknowledgement Requested

0 – No Acknowledgement Requested

15. Usage Indicator

Indicates whether the file produced is a test file or a real production submission (be_834_file_typ.file_typ_cd)

P – Production Data T – Test Data

16. Component Element Separator

: - Component element separator (if needed)

Segment GS

17. Functional Identifier Code

BE – Benefit Enrollment and Maintenance (834)

18. Application Sender's Code

Retirement System Tax ID number (be_org.tax_id_nr)

19. Application Receiver's Code

Tax ID number of the receiver/health care Contractor (be_org.tax_id_nr)

20. Date

Denotes the date that the file is created and will always be the business date on which the job is run in CCYYMMDD format.

21. Time

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

22. Group Control Number

Unique system-defined number given to each group. This number will start with '000000001' and increase by an increment of one for each respective group submitted in a file.

23. Responsible Agency Code

X – Accredited Standards Committee X12

24. Version/Release/Identifier Code

004010X095 – Draft Standards Approved for Publication by ASC X12 Procedures Review Board through October 1997, as published in this implementation guide.

Implementation guide used – National Electronic Data Interchange Transaction Set Implementation Guide, Benefit Enrollment and Maintenance, 834, ASC X12N 834 (004040X095) from the Washington Publishing Company May 2000.

Segment ST

25. Transaction Set ID Code

834 - Benefit Enrollment and Maintenance

**26. Transaction Set Control Number**

Unique system-defined number given to each record in the file and signifies the beginning of a transaction set with this control number. This number will start with '0001' and increase by an increment of one for each respective Contractor file produced.

Segment BGN

27. Transaction Set Purpose Code

00-Original; Used only in the scheduled batch; Number will increase by one for each Contractor file created 15-Re-Submission; Used only in the JS-Request Health Care Data File Resubmission; Number will increase by one for each Contractor file created

28. Reference ID Number

System generated number which denotes the beginning of a transaction set; Stored in tp_cntrct_prsn_enroll_dtls. This number will increase by one for each Contractor file created. This number will start with '1' and increase by an increment of one for each respective Contractor file produced.

29. Date

Denotes the date that the file is created and will always be the business date on which the job is run in CCYYMMDD format.

30. Time

Denotes the time that the file is created and will always be the time on the business date on which the job is run in HHMM format.

31. Action Code

2 – Change; Denotes type of file

Loop 1000A, Segment N1

32. Entity ID Code

P5 Plan Sponsor; Designates entity within the Sponsor segment

33. Name

Retirement System Name: 'Michigan Office of Retirement Services' (be_org.org_nm)

34. Identification Code Qualifier

FI – Federal Taxpayer's ID number

35. Identification Code

Retirement System Tax ID number (be_org.tax_id_nr)

Loop 1000B, Segment N1

36. Entity Identifier Code

'IN' – Insurer

37. Name

Contractor name (be_org.org_nm)

38. Identification Code Qualifier

FI – Federal Taxpayer's ID number

39. Identification Code

Contractor Tax ID number (be_org.tax_id_nr)

Loop 2000, Segment INS

40. Yes/No Condition Code

N = No; If member = non-subscriber, insert 'N' (where be_cntrct_prsn.hc_reln_typ_cd <> 'SLF') Y = Yes;



If member = subscriber, insert 'Y' (where be_cntrct_prsn.hc_reln_typ_cd = 'SLF')

41. Individual Relationship

From be_prsn_reln.reln_typ_cd 01 Spouse – 'SPOS' (Spouse)

05 Grandson or Granddaughter – 'GNDC' (Grand Child)

07 Nephew or Niece – 'NEPH' (Nephew) or 'NIEC' (Niece) 09 Adopted Child – 'ADCH' (Adopted Child)

13 Mother-in-law or Father-in-law – 'MILW' (Mother-in-Law) or 'FILW' (Father-in-Law) 14 Brother or Sister – 'BRO' (Brother) or 'SIS' (Sister)

17 Stepson or Stepdaughter – 'STCH' (Step Child)

18 Self – 'SLF' (Self from be_hc_cntrct.hc_reln_typ_cd) 19 Child – 'CHLD' (Child)

32 Mother – 'MTHR' (Mother) 33 Father – 'FTHR' (Father)

42. Maintenance Type Code

001-Change; Use when changes to plan

021-Addition; Use when adding a new enrollment

024-Cancellation or Termination; Use when suspending a plan 025-Reinstatement; Use when activating a suspended plan 030-Audit or Compare

Specific code to use will be determined by the maintenance reason code in the next field

43. Maintenance Reason Code

Map reason codes to the maintenance type codes (maintenance type codes in parenthesis): Existing reason codes:

1-Divorce (024)

2-Birth (021)

3-Death (024)

05-Adoption (021)

07-Termination of Benefits (024)

10 – COBRA / Pays-us Premium Paid 11-Surviving Spouse (021)

18-Suspended (024)

25-Change in Identifying Data Elements (001); This code will be used for name changes and SSN changes; 28-Initial Enroll (021)

29-Benefit Selection (001)

32-Marriage (021)

41-Re-Enrollment (025)

43-Change of Location (001); This code will be used for name changes and SSN changes;

44. Benefit Status Code

A – Active; Select from be_hc_cntrct where end_dt = '2999-12-31 00:00:00.000'; All health care contract owners and their covered dependents will be listed as 'Active' if the owner is not deceased and reason code is not 'Survivor Activation'.

C – COBRA; This value is set if be_cntrct_policy_elctn.cobra_in = 1

S – Surviving Insured; This value is set if the reason code is Survivor Activation and no death date is populated for the contract owner.

45. Medicare Plan Code

A – If Medicare Part A exists;

Select where be_cntrct_prsn.medicare_in = 1 and Part_A_eff_dt is not null and Part_B_eff_dt is null;

B – If Medicare Part B exists;

Select where be_cntrct_prsn.medicare_in = 1 and Part_B_eff_dt is not null and Part_A_eff_dt is null;

;

C – If Medicare Part A and B exists;

Select where be_cntrct_prsn.medicare_in = 1 and Part_A_eff_dt is not null and

Part_B_eff_dt is not null;



E – No Medicare; Select where be_cntrct_prsn.medicare_in = 0 Determines if the member is a Medicare recipient

46. Employment Status Code

RT – Retired

TE – Terminated; this code will be populated for all records that are terminated.

47. Student Status Code

F – Full-time (where be_cntrct_prsn.student_in = 1)

N – Not a Student (where be_cntrct_prsn.student_in = 0) Determines if the member is a student.

48. Yes/No Condition Response Code

N = No

Y = Yes

Determines if the member is disabled (be_cntrct_prsn.disabled_in)

49. Date Time Period Format Qualifier

- Populate only if Date of Death exists; Constant – 'D8' (Date Expressed in Format CCYYMMDD)

50. Date Time Period

- Populate only if Date of Death exists; Date of Death (CCYYMMDD) (be_prsn.deth_dt)

Loop 2000, Segment REF

51. Reference Identification Qualifier

0F – Subscriber Number

52. Reference Identification Subscriber SSN (be_prsn.ss_nr) Loop 2000, Segment REF

53. Reference Identification Qualifier 6O – Cross Reference SSN

54. Reference Identification Cross Reference Owner's SSN Loop 2000, Segment REF

55. Reference Identification Qualifier

ZZ – Mutually Defined

56. Reference Identification

Combination of system (be_pln.pln_id), benefit structure type (be_bene_struc_ref. bene_struc_cli_cd) and retirement effective date (be_bene_acct.rtrmt_dt) concatenated

Ex) SERS, SERS DB Classified, 01/01/2004 would write to the file as '1&SDBC&20040801'; The Ampersand is the delimiter used to separate the three attributes.

Loop 2000, Segment REF

- Populate only if HIC number is available.

57. Reference Identification Qualifier

F6 – Medicare HIC number

58. Reference Identification

Medicare HIC number - (be_cntrct_prsn.HIB is not null)

Loop 2000, Segment DTP

59. Date/Time Qualifier

286 – Retirement

60. Date/Time Period Format Qualifier



D8 – Date Expressed in Format CCYYMMDD

61. Date Time Period

Retirement Effective Date (be_bene_acct.rtrmt_dt; CCYYMMDD)

Loop 2000, Segment DTP

62. Date/Time Qualifier

356 – Reason date

63. Date/Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

64. Date Time Period

Reason Date (be_cntrct_prsn.reason_dt; CCYYMMDD)

Loop 2000, Segment DTP

- Only if Medicare plan code (field #45) is A or C

65. Date/Time Qualifier

338 – Medicare Begin

66. Date/Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

67. Date Time Period

Populate with the Medicare A effective date (be_cntrct_prsn.part_a_eff_dt); (CCYYMMDD)

Loop 2000, Segment DTP

- Only if Medicare plan code (field #45) is B or C

68. Date/Time Qualifier

338 – Medicare Begin

69. Date/Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

70. Date Time Period

Populate with the Medicare B effective date (be_cntrct_prsn.part_b_eff_dt); (CCYYMMDD)

Loop 2100A, Segment NM1

71. Entity Identifier Code

IL – Insured or Subscriber; Used when identifying information of a new health care policy owner
74 – Corrected Insured; Used in correcting the identifying information of a member who is already enrolled, including name and SSN changes

72. Entity Type Qualifier

1 – Person

73. Name Last or Organization Name

Member's last name (be_prsn.last_nm)

74. Name First

Member's first name (be_prsn.fst_nm)

75. Name Middle

Member's middle name (be_prsn.mid_nm)

**76. Name Prefix**

Member's name prefix (be_prsn.dsgtn_cd)

77. Name Suffix

Member's name suffix (be_prsn.sfx_cd)

78. Identification Code Qualifier

34 – SSN

79. Identification Code

Member's SSN (be_prsn.ss_nr)

Loop 2100A, Segment PER

- Populate only if a Home phone number is available for the subscriber

80. Contact Function Code

IP – Insured Party

81. Communication Number Qualifier

HP – Home Phone Number

82. Communication Number

The subscriber's home phone number (be_tel.tel_nr)

Loop 2100A, Segment N3

- Populate only if a 'PERM' (Permanent) address type is available for the subscriber

83. Address Information

The member's address (be_addr.addr_ln1_nm)

84. Address Information

The member's address; Combine be_addr.addr_ln2_nm and be_addr.addr_ln3_nm (will truncate after 55 characters, losing up to a maximum of five characters)

Loop 2100A, Segment N4

- Populate only if a 'PERM' (Permanent) address type is available for the subscriber

85. City Name

The member's city of residence (be_addr.city_nm)

86. State or Province Code

The member's state or province code of residence (be_addr.st_cd or be_addr.frgn_prov_cd)

87. Postal Code

The member's postal code of residence (be_addr.zip_cd)

88. Country Code

The member's country of residence (be_addr.ctr_cd); The country code is required by 834 format guidelines to be a two character code derived from the ISO 3166 list of country codes. This list is found at:

<http://www.iso.org/iso/en/prods-services/iso3166ma/02iso-3166-code-lists/list-en1.html>

Loop 2100A, Segment DMG

89. Date Time Period Format Qualifier

D8 – (Date Expressed in Format CCYYMMDD)

90. Date Time Period



Member's (be_prsn.brth_dt) (Date Expressed in Format CCYYMMDD)

91. Gender Code

F – Female (select where be_prsn.sex_cd = 'F') M – Male (select where be_prsn.sex_cd = 'M')
U – Unknown (select where be_prsn.sex_cd = 'UKNW')

Loop 2200, Segment DSB

- Populate only if the subscriber is a disability retiree

92. Disability Type Code

3 – Permanent or Total Disability (where be_cntrct_prsn.disabled_in = 1)

Loop 2200, Segment DTP

- Populate only if the subscriber is a disability retiree

93. Date/Time Qualifier

360 – Disability Begin

94. Date Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

95. Date Time Period

Retirement Effective Date (CCYYMMDD)

Loop 2300, Segment HD

96. Maintenance Type Code

Similar to Loop 2000, Segment INS, Maintenance Type Code.

97. Insurance Line Code

The following values will be populated for different Contractors DEN – Dental Contractors
HLT – Health Contractors VIS – Vision Contractors

98. Coverage Level Code

The following values will be populated based on the coverage level code EMP – Employee only
ESP – Employee and Spouse ECH – Employee and Children
FAM – This will be used in the case of Self, Spouse and Children coverage
SPO – Spouse Only
SPC – Spouse and Children
E5D – Employee and one or more dependents – This will be used when parents are covered CHD – Children Only.
DEP – Dependent Only.

Loop 2300, Segment DTP

99. Date/Time Qualifier

303 – Maintenance effective date
348 – Benefit Begin. This denotes the effective date of the coverage. This code should always be send when adding coverage.
349 – Benefit End. This denotes the subscriber's or dependent's benefit end.
543 – Last Premium Paid Date

100. Date Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

101. Date Time Period

Change Effective Date (CCYYMMDD)

Loop 2320, To supply information on coordination of benefits

**102. Payer Responsibility Sequence Number Code**

This is the code identifying the insurance carrier's level of responsibility for payment of a claim. P – Primary; S – Secondary; T – Tertiary; U – Unknown

For Medicare retiree this field will have 'P'.

103. Reference Identification

Always supply the policy number when it is available. For Medicare retiree this field will have the HIB number.

104. Coordination of Benefits Code

Code identifying whether there is coordination of benefits.

1 – Coordination of Benefits

5 – Unknown

6 – No Coordination of Benefits.

For Medicare Retiree this field will have 1.

Segment REF – To specify the identifying information.

The REF segment will not be populated for the Medicare retiree or if the group number is empty.

105. Reference Identification Qualifier

6P – Group Number

106. Reference Identification

Member Group or Policy Number

Segment N1 - To identify the party by type of organization, name and code.

107. Entity Identifier Code

IN – Insurer

108. Name

Send the insurance company name.

For Medicare retiree, if the Medicare plan code is A or C this field will have the value 'Medicare Part A'. If the Medicare plan cod will have the value 'Medicare Part B'.

Segment DTP - This segment will not be sent if the cob effective date is not available.

109. Date/Time Qualifier

344 – Coordination of Benefits Begin

110. Date Time Period Format Qualifier

D8 – Date Expressed in Format CCYYMMDD

111. Date Time Period

Coordination of benefits date.

Segment SE

113. Number of Included Segments

Calculated; Sum of all segments included in respective Contractor file

114. Transaction Set Control Number

Unique system-defined number given to each record in the file and signifies the end of a transaction set with this control number. This number will start with '0001' and increment by one for each respective Contractor file produced. Should be the same number as the Transaction Set Control Number listed in the Transaction Set Header segment (Data Element number 2 above).



Segment GE

115. Number of Transaction Sets Included

Count of the number of ST segments included in the file.

116. Group Control Number

Identical to the control number used in data element 22 (GS06)

Segment IEA

117. Number of Included Functional Groups

Count of the number of GS segments included in the file.

118. Interchange Control Number

Identical to the control number used in data element 13 (ISA13)



**Attachment C (cont.)
CSC 834 File Layout
834 Transaction Set**

Electronic Data Interchange File

Name	Size	Comments	Where to get the data
Control Header	A 3	###	Fixed = "###"
Transaction Set Identifier Code	A 3	834 = Benefit Enrollment and Maintenance	Fixed = "834"
Insurer Identification Code	A 30	Insurance Carrier's Federal Taxpayer's Identification Number	BCR-CARRIER-ID from BNCARRIER where BCR-INS-CARRIER = PRM-Insurer
Region Indicator	A 1	Region Indicator	"P" If PRODUCT-LINE = "PROD" "T" If PRODUCT-LINE NOT= "PROD"
Job Name	A 10	Job Name	CRT-JOB-NAME
Insurer Name	A 30	Insurance Carrier Name	BCR-NAME from BNCARRIER where BCR-INS-CARRIER = PRM-Insurer
~		Segment length = 77	##### PZB206xxx INS CARRIER NAME
Transaction Set Header	A 2	ST	Fixed = "ST"
Transaction Set Identifier Code	N 3	834 = Benefit Enrollment and Maintenance	Fixed = "834"
Transaction Set Control Number	N 4	Increment beginning with "0001" Must be a unique number within the set of transactions.	Fixed = "0001"
Implementation Convention Reference	N 35	Reference assigned to identify Implementation Convention	Fixed = "005010X218A1"
~		Segment length = 9	ST8340001
Beginning Segment	A 3	BGN	Fixed = "BGN"
Transaction Set Purpose Code	N 2	"00" = Original transaction; used the first time the transaction is sent. "15" = Re-Submission; used if the first transaction sent has yet to be processed but contains errors, and you are sending a corrected transaction. "22" = Informational; used when the original transaction was lost or never processed, and you are passing another transaction identical to the original.	Parameter: Rerun "00" if Rerun Flag = 1 (No). "15" if Rerun Flag = 2 (Yes, changed file) "22" if Rerun Flag = 3 (Yes, duplicate file)
Transaction Set Identifier Code (Reference Identification)	A 30	Assign (incrementally) this identifier for future reference to this set.	Consists of three fields to make it unique: Job Name plus System Date plus Parameter: Identifying Code (Required)
Transaction Set Creation Date	N 8	Current system date (CCYYMMDD)	System Date



(Date)			
Transaction Set Creation Time (Time)	N 6	Current system time (HHMMSS)	System Time
Time Zone Code (Time Code)	A 2	"CD" = Central Daylight Time "CS" = Central Standard Time "ED" = Eastern Daylight Time "ES" = Eastern Standard Time "MD" = Mountain Daylight Time "MS" = Mountain Standard Time "PD" = Pacific Daylight Time "PS" = Pacific Standard Time **Internal Note: Additional options available**	Parameter: Time Zone. (May be left blank) For SOM, only ES and ED codes are used.
Transaction Set Identifier Code (Reference Identification)	A 30	If Transaction Set Purpose Code = "15" or "22", then this identifier should be used to cross-reference the original transaction set.	Consists of three fields to make it unique: Job Name plus System Date plus Parameter: Prior Identifying Code. (Required if Rerun Flag = 2 or 3, else will be left blank.)
Action Code	N 1	"2" = Change (Update), used to identify a set of adds/changes/terms. "4" = Verify, used to identify full enrollment information to ensure synchronization of sponsor's and payer's systems. "RX" = Replace, Used to identify a full enrollment transmission to be used to identify additions, terminations and changes that need to be applied to the payer's enrollment system.	Parameter: Transaction Purpose. "2" if Trans Purpose = 1 "4" if Trans Purpose = 2 "RX" if Trans Purpose = 3
~		Segment length = 82	BGN00ZB206xxx 200307070000000000001 20030707093215ES 2 OR BGN15ZB206xxx 200307080000000000001 20030508103502ESZB206xxx 2003070700000000000012
Transaction Set Policy Number	A 3	REF	Parameter: Use Master Policy Number "REF", if Yes Else, do not include this segment.
Reference Identification Qualifier	N 2	"38" = Master Policy Number	Parameter: Use Master Policy Number "38", if Yes.
Master Policy Number (Reference Identification)	A 30		BCR-CONTRACT-NMB from BNCARRIER: where BCR-INS-CARRIER = PRM-INS-CARRIER



~		Segment length = 35	REF38PA8382983
File Effective Date	A 3	DTP	Parameter: File Effective Date "DTP", if not spaces (zeroes) Else, leave blank. This segment is generated only for 'Verify' option.
Date/Time Qualifier	N 3	"007" = Effective	Parameter: File Effective Date "007", if parameter not = spaces (zeroes) Else, leave blank.
Date/Time Period Format Qualifier	A 2	"D8" = Format CCYYMMDD	Parameter: File Effective Date If not spaces (zeroes), use "D8" Else, leave blank.
Date/Time Period	N 8	Date, Time, or Date and Time. May also include ranges of Dates and/or Times.	Parameter: File Effective Date (Convert to 8-digit date format: CCYYMMDD)
~		Segment length = 16	DTP007D820030101~
Sponsor Name	A 2	N1	Fixed = "N1"
Entity Identifier Code	A 2	"P5" = Plan Sponsor	Fixed = "P5"
Plan Sponsor Name (Name)	A 30	Used at the sender's discretion (Company name)	PRS-NAME for the Company (PRS-COMPANY = PRM-COMPANY and PRS-PROCESS-LEVEL = spaces).
Identification Code Qualifier	A 2	"FI" = Federal Taxpayer's Identification Number (adopted as the HIPAA standard).	Fixed = "FI"
Sponsor Identifier (Identification Code)	A 30	**Must provide a key to the table of plan sponsor's maintained by the transaction processing party. This is the most efficient method of providing organizational identification.	PLN-SPONSOR-ID from PLAN where PLN-COMPANY = PRM-COMPANY and PLN-PLAN-TYPE = PRM-PLAN-TYPE(1).and PLAN-PLAN-CODE = PRM-PLAN-CODE(1)
~		Segment length = 66	N1P5Lawson Software FI93-2191827
Payer	A 2	N1	Fixed = "N1"
Entity Identifier Code	A 2	"IN" = Insurer	Fixed = "IN"
Insurer Name (Name)	A 30	Used at the sender's discretion (Insurance Carrier Name)	BCR-NAME from BNCARRIER where BCR-INS-CARRIER = PRM-Insurer
Identification Code Qualifier	A 2	"FI" = Federal Taxpayer's Identification Number (to be used until the HIPAA standard identifier is adopted) "XV" = Health Care Financing Administration National Plan ID (required if mandated for use)	BCR-HIPAA-ID-TYPE from BNCARRIER where BCR-INS-CARRIER = PRM-INS-CARRIER
Insurer Identification Code (Identification Code)	A 30	**Must provide a key to the table maintained by the transaction processing party. This is the most efficient method of providing organizational identification.	If preceding field is populated (FI or XV), then get BCR-CARRIER-ID from BNCARRIER where BCR-INS-CARRIER = PRM-Insurer
~		Segment length = 66	N1INHealthPartners FI28-374857



Broker/TPA	A 2	N1	Parameter: Broker or TPA If not = spaces, use "N1" Else, leave blank. SOM does not use Broker/TPA. This segment will not be generated for both 'Change' and 'Verify' options.	
Entity Identifier Code	A 2	"BO" = Broker "TV" = Third Party Administrator	BCR-ENTITY-TYPE from BNCARRIER where BCR-INS-CARRIER = PRM-INS-CARRIER <ul style="list-style-type: none">If 2, then "BO"If 3, then "TV"If 1, spaces, or record not found, leave blank.	
Broker/TPA Name (Name)	A 30	Used at the sender's discretion (Insurance Carrier Name)	Parameter: Broker or TPA If not = spaces, get BCR-NAME from BNCARRIER where BCR-INS-CARRIER = PRM-Broker or TPA. Else, leave blank.	
Identification Code Qualifier	A 2	"FI" = Federal Taxpayer's Identification Number (to be used until the HIPAA standard identifier is adopted) "XV" = Health Care Financing Administration National Plan ID (required if mandated for use)	BCR-HIPAA-ID-TYPE from BNCARRIER where BCR-INS-CARRIER = PRM-BROKER or TPA <ul style="list-style-type: none">If 1, then "FI"If 2, then "XV"If 3, spaces, or not found, then leave blank. ERROR: Valid Broker or TPA ID number not found.	
Insurer Identification Code (Identification Code)	A 30	**Must provide a key to the table maintained by the transaction processing party. This is the most efficient method of providing organizational identification.	If preceding field is populated (FI or XV), then get BCR-CARRIER-ID, where BCR-INS-CARRIER = PRM-Broker or TPA.	
~		Segment length = 66	N1TVMidwest Administrators FI28-374857	
TPA/Broker Account Information	A 3	ACT	Parameter: Broker or TPA If not = spaces, use "ACT" Else, leave blank. SOM does not use Broker/TPA. This segment will not be generated for both 'Change' and 'Verify' options.	
TPA or Broker Account Number (Account Number)	A 30	Account number (Contract Number from BN01)	Parameter: Broker or TPA If not = spaces, get BCR-CONTRACT-NMBR from BNCARRIER where BCR-INS-CARRIER = PRM-BROKER or TPA. If spaces or not found, leave blank.	
~		Segment length = 33	ACT2384297382	
SEGMENTS THAT FOLLOW ARE BASED ON BNTRANS RECORDS FOUND IN BNTRANS, OR ON BENEFIT, PARTBEN, AND HRDEPBEN RECORDS -----Segments must repeat for each member (Employee, Retiree, COBRA Participant, and Dependent) found to a maximum of 10,000 members. The enrollment data for families must not be split into two transaction sets.----				
Member Level Detail	A 3	INS	Fixed = "INS"	
Insured Indicator (Subscriber Indicator)	A 1	"Y" = Yes; used for subscriber (employee) "N" = No; used for dependent	Tran Purpose = 1 (Update) "Y" if BNT-DEPENDENT on BNTRANS record is blank. Else. "N"	Tran Purpose = 2 (Validate) "Y" for BENEFIT and PARTBEN records "N" for HRDEPBEN records.



Individual Relationship Code	N 2	<p> "01" = Spouse "03" = Father or Mother "04" = Grandfather or Grandmother "05" = Grandson or Granddaughter "06" = Uncle or Aunt "07" = Nephew or Niece "08" = Cousin "09" = Adopted Child "10" = Foster Child "11" = Son/Daughter-in-law "12" = Brother/Sister-in-law "13" = Mother/Father-in-law "14" = Brother or Sister "15" = Ward "16" = Stepparent "17" = Stepson or Stepdaughter "18" = Self "19" = Child "23" = Sponsored Dependent "24" = Dependent of a Minor Dep "25" = Ex-Spouse "26" = Guardian "31" = Court Appointed Guardian "38" = Collateral Dependent (relative related by blood or marriage who resides in the home and is dependent on the insured for a major portion of their support) "53" = Life Partner "60" = Annuitant "D2" = Trustee "G8" = Other Relationship "G9" = Other Relative </p>	<p> If prior field = "Y", then use "18". If prior field = "N", get EMD-REL-CODE for the dependent on the record in question. Then get PCO-HIPAA-REL-CODE from PCODES where PCO-TYPE = 'DP' and PCO-CODE = EMD-REL-CODE </p>	
Maintenance Type Code	N 3	<p> "001" = Change "021" = Addition "024" = Cancellation or Termination "030" = Audit or Compare </p>	<p> <u>Tran Purpose = 1 (Update):</u> From BNTRANS record get BNT-TRAN-ACTION </p> <ul style="list-style-type: none"> • "001" if = C • "021" if = A • "024" if = S or D 	<p> <u>Tran Purpose = 2 (Verify):</u> Fixed = "030" </p>



Maintenance Reason Code	A 2	<p>"01" = Divorce</p> <p>"02" = Birth</p> <p>"03" = Death</p> <p>"04" = Retirement</p> <p>"05" = Adoption</p> <p>"06" = Strike</p> <p>"07" = Termination of Benefits</p> <p>"08" = Termination of Employment</p> <p>"09" = COBRA</p> <p>"10" = COBRA Premium Paid</p> <p>"11" = Surviving Spouse</p> <p>"14" = Voluntary Withdrawal</p> <p>"16" = Quit</p> <p>"17" = Fired</p> <p>"18" = Suspended</p> <p>"20" = Active</p> <p>"21" = Disability</p> <p>"22" = Plan Change</p> <p>"25" = Chg in Identifying Data Elements</p> <p>"26" = Declined Coverage</p> <p>"27" = Pre-Enrollment (used for expected newborns)</p> <p>"28" = Initial Enrollment</p> <p>"29" = Benefit Selection (for changing benefits within a plan)</p> <p>"31" = Legal Separation</p> <p>"32" = Marriage</p> <p>"33" = Personnel Data</p> <p>"37" = Leave of Absence with Benefits</p> <p>"38" = Leave of Absence without Benefits</p> <p>"39" = Layoff with Benefits</p> <p>"40" = Layoff without Benefits</p> <p>"41" = Re-enrollment</p> <p>"43" = Change of Location</p> <p>"59" = Non Payment</p> <p>"AA" = Dissatisfied with Off staff</p> <p>"AB" = Dissatisfied with Services</p> <p>"AC" = Inconvenient Office loc</p> <p>"AD" = Dissatisfied w Office Hrs</p> <p>"AE" = Unable to schedule appts</p> <p>"AF" = Dissatisfied w Ref Policy</p> <p>"AG" = Less Respect and Attention</p> <p>"AH" = Patient moved to a new loc</p> <p>"AI" = No reason given</p> <p>"AJ" = Appt Times not met</p> <p>"AL" = Assigned benefit selection</p> <p>"EC" = Member benefit</p>	<p>Tran Purpose = 1 (Update):</p> <p>From BNTRANS record, get BNT-TRAN-REASON.</p> <p>If spaces, use "AI".</p> <p>If BNT-COVER-TYPE = "C" (COV-TYPE, COBRA Participant) use "09"</p>	<p>Tran Purpose = 2 (Verify):</p> <p>Fixed = "XN"</p>
-------------------------	-----	---	--	---



Benefit Status Code	A 1	<p>"A" = Active</p> <p>"C" = COBRA</p>	<p><u>Tran Purpose = 1 (Update):</u></p> <p>"C" if BNT-COVER-TYPE on BNTRANS record is "C"</p> <p>Else, "A"</p>	<p><u>Tran Purpose = 2 (Verify):</u></p> <p>"C" for PARTBEN records where Participant not = spaces,</p> <p>Else, "A"</p>
Medicare Plan Code	A1	<p>"A" = Medicare Part A</p> <p>"B" = Medicare Part B</p> <p>"C" = Medicare Part A and B</p> <p>"D" = Medicare</p> <p>"E" = No Medicare</p>		
COBRA Qualifying Event Code	N 1	<p>"1" = Termination of Employment</p> <p>"2" = Reduction of work hours</p> <p>"3" = Medicare</p> <p>"4" = Death</p> <p>"5" = Divorce</p> <p>"6" = Separation</p> <p>"7" = Ineligible Child</p> <p>"8" = Bankruptcy of a Retired Employee Former Employer</p> <p>"9" = Layoff</p> <p>"10" = Leave of Absence</p> <p>ZZ = Mutually Defined</p>	<p>BNT-EVENT-CODE</p> <p>If spaces, or record not found, ERROR: COBRA event / not identified. (Insert PAR-OCCUR-TYPE.)}</p>	
Employment Status Code	A 2	<p>"AO" = Active Military – Overseas</p> <p>"AU" = Active Military – USA</p> <p>"FT" = Full-time (Full-time Active)</p> <p>"L1" = Leave of Absence</p> <p>"PT" = Part-time (Part-time Active)</p> <p>"RT" = Retired</p> <p>"TE" = Terminated</p>	<p>From BNT-COVER-TYPE determine the Employment Status Code.</p> <p>If Coverage Type = "A", Employment Status Code = "FT"</p> <p>If Coverage Type = "R", Employment Status Code = "RT"</p> <p>If Coverage Type = "C", Employment Status Code = "L1"</p>	
Student Status Code	A 1	<p>"F" = Full-time</p> <p>"N" = Not a student</p>	<p>Parameter: Student Status</p> <p>If Y, and this is a non-spouse Dependent get student flag from EMDEPEND:</p> <p>"F", if EMD-STUDENT = Y or F or P</p> <p>"N" if EMD-STUDENT = N</p> <p>Else, leave blank.</p>	
Handicap Indicator	A 1	<p>"N" = No</p> <p>"Y" = Yes</p>	<p>Parameter: Disabled Status</p> <p>If Y, and this is a Dependent (BNT-DEPENDENT or HRDEPBEN record) get disabled flag from EMDEPEND.</p> <p>Else, leave blank.</p>	
Date Time Period Format Qualifier	A 2	<p>"D8" = Date expressed as CCYYMMDD</p>	<p><u>Tran Purpose = 1 (Update):</u></p> <p>If BNTRANS, BNT-TRAN-REASON = 03 (Death), use "D8", else leave blank.</p>	<p><u>Tran Purpose = 2 (Verify):</u></p> <p>Leave this field and following field blank.</p>
Insured Individual Death Date	N 8	<p>Holds the date of death of the insured or dependent (Does not replace the use of a termination date)</p>	<p>If BNTRANS, BNT-TRAN-REASON = 03 (Death), then from EMPLOYEE USE EMP-DEATH-DATE</p> <p>If spaces, ERROR: Date of death for Emp / not identified. (Insert EE Number.)</p>	



Birth Sequence Number	N 4	Required in the event you are reporting more than one family member with the same birth date.	If this is a Dependent (BNT-DEPENDENT > zeroes or HRDEPBEN record) whom has the same birthdate as another family member dependent, get EMD-SEQ-NBR.	
~		Segment length = 32	INSY1802128A 0FT 000000000000 OR INSN0102128A 0 FN000000000001	
Subscriber Number	A 3	REF	Fixed = "REF"	
Reference Identification Qualifier	A 2	"0F" = Subscriber Number	Fixed = "0F" (Zero – F)	
Subscriber Identifier (Reference Identification)	A 15	Information defined for the transaction set.	<u>Tran Purpose = 1 (Update):</u> From BNTRANS, get BNT—MEMBER-ID value: If 1, get: EMP-FICA-NBR for EE (and their dependents), PAR-FICA-NBR for COBRA participants (and their dependents). The SSN should not contain hyphens in the output. If 2, then get EMP-EMPLOYEE for EE (and their dependents), PAR-PARTICIPANT for COBRA Participants and their dependents.	<u>Tran Purpose = 2 (Verify):</u> We will assume Member ID = Social Number. Get: EMP-FICA-NBR for EE (and their dependents), PAR-FICA-NBR for COBRA participants (and their dependents). The SSN should not contain hyphens in the output.
~		Segment length = 20	REF0F384928394	
Member Policy Number	A 3	REF	Fixed = "REF"	
Reference Identification Qualifier	A 2	"1L" = Group or Policy Number	Fixed = "1L"	
Subscriber Identifier (Reference Identification)	A 30	Insured Group or Policy Number	PLN-CONTRACT-NMBR	
~		Segment length = 35	REF1L238233849498237	
Member Identification Number	A 3	REF	Fixed = "REF"	
Reference Identification Qualifier	A 2	"DX" = Department/Agency Number "23" = Client Number	Fixed = "DX"	



Subscriber Identifier (Reference Identification)	A 30	For "DX" - Consists of 6 fields separated by spaces: Process Level, Bargaining Unit, Plan Code, Coverage Option, Occurrence Type and Original FICA Number For "23" – Consists of Employee Number as alternative identifier	"DX" - Process Level = EMP-PROCESS-LEVEL Bargaining Unit = EMP-UNION-CODE Plan Code = BEN-PLAN-CODE (Active Employee) or PRT-PLAN-CODE (COBRA or DC Retiree) Coverage Option = BEN-COV-OPTION (Active Employee) or PTB-COV-OPTION (COBRA and DC Retiree) Occurrence Type = PAR-OCCUR-TYPE (COBRA only) Original FICA Number = EMP-FICA-NBR from original Employee's record This segment is provided for both Subscribers and Dependents. "23" – For Employees use Employee Number = EMP-EMPLOYEE For Participants use Employee Number = PAR-EMPLOYEE The segment will be generated for both Verify and Update options for Subscriber only, not dependents	
~		Segment length = 35	REFDX7501 A31 HAEX	
Prior Coverage Months	A 3	REF	Parameter: Prior Months Coverage "REF" if Y Else, do not include this segment. SOM does not capture prior month's coverage. This segment will not be generated for both 'Change' and 'Verify' options.	
Reference Identification Qualifier	A 2	"QQ" = Unit Number	Parameter: Prior Months Coverage If Y, then "QQ"	
Prior Coverage Month Count (Reference Identification)	N 2	Identify the number of prior month's insurance coverage that may apply under the portability provisions of HIPAA; to be sent on new enrollments when available.	PEM-PRIOR-COV-MO	
~		Segment length = 7	REFQQ18	
Member Level Dates	A 3	DTP	Tran Purpose = 1 <u>(Update):</u> Fixed = "DTP"	Tran Purpose = 2 (Verify): Leave blank See comments below.
Date/Time Qualifier	N 3	"303" = Maintenance Effective "356" = Eligibility Begin "357" = Eligibility End "301" = COBRA Qualifying Event "340" = COBRA Begin "341" = COBRA End	Do the following for Update files: From BNTRANS record get BNT-START-DATE For Employees, use BENSET and if a record is found with stop date 1 day less than BNTRANS BNT-EFFECT-DATE this will be treated as a "Change". For FC = C, or A with prior benefit, use "303"	
Date/Time Period Format Qualifier	A 2	"D8" = Format CCYYMMDD	Tran Purpose = 1 <u>(Update):</u> Fixed = "D8"	Tran Purpose = 2 (Verify): Leave blank.
Status Information	N 8	Date, Time, or Date and Time. May also include	Tran Purpose = 1 <u>(Update):</u>	Tran Purpose = 2 (Verify): Leave blank.



Effective Date (Date/Time Period)		ranges of Dates and/or Times.	Use BNT-EFFECT- DATE on the BNTRANS record. (CCYYMMDD)	
~		Segment length = 16	DTP303D820090301	
Member Level Dates	A 3	DTP	Tran Purpose = 1 (Update): Fixed = "DTP"	Tran Purpose = 2 (Verify): Fixed = "DTP"
Date/Time Qualifier	N 3	"356" = Eligibility Begin	Do the following for Update and Verify files: From EMPLOYEE record get EMP-DATE-HIRED	
Date/Time Period Format Qualifier	A 2	"D8" = Format CCYYMMDD	Tran Purpose = 1 (Update): Fixed = "D8"	Tran Purpose = 2 (Verify): "D8"
Status Information Effective Date (Date/Time Period)	N 8	Date, Time, or Date and Time. May also include ranges of Dates and/or Times.	Tran Purpose = 1 (Update): Use EMP-DATE- HIRED on the EPLOYEE record. (CCYYMMDD)	Tran Purpose = 2 (Verify): Use EMP-DATE-HIRED on the EPLOYEE record. (CCYYMMDD)
~		Segment length = 16	DTP356D820020301	
Member Name	A 3	NM1	Fixed = "NM1"	
Entity Code Identifier	A 2	"IL" = Insured or Subscriber	Fixed = "IL"	
Entity Type Qualifier	N 1	"1" = Person	Fixed = "1"	
Subscriber Last Name (Name Last)	A 30	Individual last name	EMP-LAST-NAME for Employees, Retirees EMD-LAST-NAME for Dependents PAR-LAST-NAME for COBRA participants	
Subscriber First Name (Name First)	A 15	Individual first name	EMP-FIRST-NAME for Employees, Retirees EMD-FIRST-NAME for Dependents PAR-FIRST-NAME for COBRA participants	
Subscriber Middle Name (Name Middle)	A 15	Individual middle name	EMP-MIDDLE-NAME for Employees, Retirees EMD-MIDDLE-INIT for Dependents PAR-MIDDLE-INIT for COBRA participants	
Subscriber Name Prefix (Name Prefix)	A 10	Prefix to individual name	EMP-LAST-NAME-PRE for Employees, Retirees EMD-LAST-NAME-PRE for Dependents (N/A for COBRA Participants)	
Subscriber Name Suffix (Name Suffix)	A 4	Suffix to individual name	EMP-NAME-SUFFIX for Employees, Retirees EMD-NAME-SUFFIX for Dependents (N/A for COBRA Participants)	
Identification Code Qualifier	A 2	"34" = Social Security Number "ZZ" = Mutually defined (required if the National Individual identifier is mandated)	From BNTRANS record, get BNT-MEMBER-ID: If 1 or 2, then "34"	
Subscriber Identifier (Identification Code)	A 15	SSN when available and allowed; until the HIPAA individual identifier is available.	If prior field = 34, then get EMP-FICA-NBR for EE, EMD- FICA-NUMBER for Dependents, and PAR-FICA-NBR for COBRA participants. The SSN should not contain hyphens in the output. If prior field = ZZ, then get EMP- EMPLOYEE for EE, EMD-EMPLOYEE and EMD-SEQ- NBR for Dependents, and PAR-PARTICIPANT for COBRA Participants. If prior field blank, leave blank.	
~		Segment length = 97	NM1IL1Smith John Paul 34123456789	



Member Communications Numbers	A 3	PER	Parameter: Emp Contact Numbers: "PER", if not = spaces. Else, do not include this segment. SOM does not have contact numbers for all members. This segment will not be generated for both 'Change' and 'Verify' options.
Contact Function Code	A 2	"IP" = Insured Party	Fixed = "IP"
Communication Number Qualifier	A 2	"EM" = Electronic Mail "EX" = Telephone Extension "FX" = Facsimile "HP" = Home Phone Number "TE" = Telephone "WE" = Work Phone Number	Parameter: Emp Contact Numbers: If 1 or 3, then "HP" If 2, then "WE"
Communication Number	A 20	Complete communications number including country or area code when applicable.	Parameter: Emp Contact Numbers: If 1 or 3, use PEM-HM-PHONE-NBR If 2, use PEM-WK-PHONE-NBR PEM followed by WK-PHONE-EXT.
Communication Number Qualifier	A 2	"EM" = Electronic Mail "EX" = Telephone Extension "FX" = Facsimile "HP" = Home Phone Number "TE" = Telephone "WE" = Work Phone Number	Parameter: Emp Contact Numbers: If 3, then "WE" Else, leave spaces.
Communication Number	A 21	Complete communications number including country or area code when applicable.	Parameter: Emp Contact Numbers: If 3, then PEM-WK-PHONE-NBR followed by PEM-WK-PHONE-EXT. Else, leave spaces.
~		Segment length = 50	PERIPHP6517374657 WE651767400046311
Member Residence Street Address	A 2	N3	Parameter: Resident Address "N3", if not spaces. Else, leave all fields in segment spaces.
Subscriber Address Line (Address Information)	A 30	Address Line 1	Parameter: Resident Address For EMPLOYEES/RETIRES: If 1, use EMP-ADDR1 If 2, use PEM-SUPP-ADDR1 For PARTICIPANTS: Use PAR-ADDR1 For DEPENDENTS: Use EMD-ADDR1. If spaces, follow what is used for Employee.
Subscriber Address Line (Address Information)	A 30	Address Line 2	Parameter: Resident Address For EMPLOYEES/RETIRES: If 1, use EMP-ADDR2 If 2, use PEM-SUPP-ADDR2 For PARTICIPANTS: Use PAR-ADDR2 For DEPENDENTS: Use EMD-ADDR2. If spaces, follow what is used for Employee.
~		Segment length = 62	N31410 E 18th Street Apt 5



Member Residence City, State, Zip Code	A 2	N4	Parameter: Resident Address "N4", if not spaces. Else, leave all fields in segment spaces.
Subscriber City Name (City Name)	A 18	City	Parameter: Resident Address For EMPLOYEES/RETIRES: If 1, use EMP-CITY If 2, use PEM-SUPP-CITY For PARTICIPANTS: Use PAR-CITY For DEPENDENTS: Use EMD-CITY. If spaces, follow what is used for Employee.
Subscriber State Code (State or Province Code)	A 2	Valid state or province code as defined by government authority.	Parameter: Resident Address If 1, use EMP-STATE If 2, use PEM-SUPP-STATE For DEPENDENTS: Use EMD-STATE. If spaces, follow what is used for Employee.
Subscriber Postal Zone or ZIP Code (Postal Code)	A 10	Postal Code	Parameter: Resident Address If 1, use EMP-ZIP If 2, use PEM-SUPP-ZIP For DEPENDENTS: Use EMD-ZIP. If spaces, follow what is used for Employee.
Country Code	A 2	Valid country code	Parameter: Resident Address Only use if value is not "US" If 1, use EMP-COUNTRY-CODE If 2, use PEM-SUPP-CNTRY-CD For DEPENDENTS: Use EMD-COUNTRY-CODE. If spaces, follow what is used for Employee.
~		Segment length = 34	N4Minneapolis MN55457 US
Member Demographics	A 3	DMG	Fixed = "DMG"
Date Time Period Format Qualifier	A 2	"D8" = Format CCYYMMDD	Fixed = "D8"
Member Birth Date (Date Time Period)	N 8	Date of Birth	Get PEM-BIRTHDATE (Employee, Retiree), EMD-BIRTHDATE (Dependent) or PAR-BIRTHDATE (COBRA).
Gender Code	A 1	"F" = Female "M" = Male "U" = Unknown (should only be used when the gender cannot be obtained)	Check PEM-SEX (Employee, Retiree), EMD-SEX (Dependent), or PAR-SEX (COBRA): F = "F" M = "M" Blank = "U"



Marital Status Code	A 1	"B" = Registered Domestic Partner "D" = Divorced "I" = Single "M" = Married "R" = Unreported "S" = Separated "U" = Unmarried (single, divorced, or widowed; used if previous status is unknown) "W" = Widowed "X" = Legally Separated	Parameter: Marital Status If Yes, check PEM-TRUE-MAR-STAT (Employees and Retirees ONLY): D = "D" S = "I" M = "M" S = "S" U = "U" W = "W" L = "X" O = "R" P = "B" C = "M" Note: Blank, if (BNT-DEPENDENT = spaces, or HRDEPBEN record.) or COBRA.
~		Segment length = 15	DMGD819650512FS
Member Health Information	A 3	HLH	Parameter: Smoker Status "HLH", if Yes Else, leave blank. SOM does not capture smoker information. This segment will not be generated for both 'Change' and 'Verify' options.
Health-Related Code	A 1	"N" = None "S" = Substance Abuse "T" = Tobacco Use "U" = Unknown "X" = Tobacco Use and Substance Abuse	Parameter: Smoker Status If Yes, Get PEM-SMOKER (Employee, Retiree), EMD-SMOKER (Dependent), or PAR-SMOKER (COBRA): use "T", If Smoker = Y use "N", If Smoker = N Else use "U" If parameter = No, leave blank.
~		Segment length = 4	HLHT
Member Mailing Address	A 3	NM1	Parameter: Mailing Address use "NM1"
Entity Identifier Code	N 2	"31" = Postal Mailing Address	Parameter: Mailing Address Use "31"
Entity Type Qualifier	N 1	"1" = Person	Parameter: Mailing Address Use "1"
~		Segment length = 6	NM1311
Member Mail Street Address	A 2	N3	Parameter: Mailing Address "N3". Only send Member Mail Street Address and Member Mail City, State, Zip Code when different than Resident Mail Street Address and Resident Mail City, State, Zip Code
Subscriber Address Line (Address Information)	A 30	Address Line 1	Parameter: Mailing Address For EMPLOYEES/RETIRES: If 1, use EMP-ADDR1 If 2, use PEM-SUPP-ADDR1 For PARTICIPANTS: Use PAR-ADDR1 For DEPENDENTS: Use EMD-ADDR1. If spaces, follow what is used for Employee.
Subscriber Address Line (Address Information)	A 30	Address Line 2	Parameter: Mailing Address For EMPLOYEES/RETIRES: If 1, use EMP-ADDR2 If 2, use PEM-SUPP-ADDR2 For PARTICIPANTS: Use PAR-ADDR2 For DEPENDENTS:



			Use EMD-ADDR2. If spaces, follow what is used for Employee.	
~		Segment length = 62	N3P.O. Box 1234	
Member Mail City, State, Zip Code	A 2	N4	Parameter: Mailing Address Only send Member Mail Street Address and Member Mail City, State, Zip Code when different than Resident Mail Street Address and Resident Mail City, State, Zip Code	
Subscriber City Name (City Name)	A 18	City	Parameter: Mailing Address For EMPLOYEES/RETIRES: If 1, use EMP-CITY If 2, use PEM-SUPP-CITY For PARTICIPANTS: Use PAR-CITY For DEPENDENTS: Use EMD-CITY. If spaces, follow what is used for Employee.	
Subscriber State Code (State or Province Code)	A 2	Valid state or province code as defined by government authority.	Parameter: Mailing Address If 1, use EMP-STATE If 2, use PEM-SUPP-STATE For DEPENDENTS: Use EMD-STATE. If spaces, follow what is used for Employee.	
Subscriber Postal Zone or ZIP Code (Postal Code)	A 10	Postal Code	Parameter: Mailing Address If 1, use EMP-ZIP If 2, use PEM-SUPP-ZIP For DEPENDENTS: Use EMD-ZIP. If spaces, follow what is used for Employee.	
Country Code	A 2	Valid country code	Parameter: Mailing Address Only use if not = "US" If 1, use EMP-COUNTRY-CODE If 2, use PEM-SUPP-CNTRY-CD For DEPENDENTS: Use EMD-COUNTRY-CODE. If spaces, follow what is used for Employee.	
~		Segment length = 34	N4Minneapolis MN55457-1234US	
Health Coverage	A 2	HD	Fixed = "HD"	
Maintenance Type Code	N 3	"001" = Change "002" = Delete "021" = Addition "024" = Cancellation or Termination "030" = Audit or Compare	Tran Purpose = 1 (Update): If 1, then value here is based on BNT-TRAN-ACTION. • If FC = A, then "021" • If FC = C, then "001" • If FC = S, then "024" • If FC = D, then 002"	Tran Purpose = 2 (Validate): Fixed = "030"
Insurance Line Code	A 3	"AG" = Preventative Care/Wellness "AH" = 24 Hour Care "AJ" = Medicare Risk "AK" = Mental Health "DCP" = Dental Capitation (for DMO) "DEN" = Dental	For Plan Type and Plan from PLAN, PLN-HIPAA-INS-CODE.	



		<p>“EPO” = Exclusive Provider Organization “FAC” = Facility “HE” = Hearing “HLT” = Health (both Hospital and Professional Care) “HMO” = Health Maintenance Organization “LTC” = Long Term Care “LTD” = Long Term Disability “MM” = Major Medical “MOD” = Mail Order Drug “PDG” = Prescription Drug “POS” = Point of Service “PPO” = Preferred Provider Organization “PRA” = Practitioners “STD” = Short Term Disability “UR” = Utilization Review “VIS” = Vision</p>			
Plan Coverage Description	A 30	Free form descriptive information	PLN-DESC for the Plan Type, Plan on the PLAN record.		
Coverage Level Code	A 3	<p>“ECH” = Employee and Children “EMP” = Employee Only “ESP” = Employee and Spouse “FAM” = Family</p>	<p>Parameter: Include Coverage Options. If Y, then use Cov-Dependents and Nbr-Dependents from BNCOVOPT for the BEN-COV-OPTION (Employee) or PTB-COV-OPTION (COBRA or Retiree) for the subscriber.</p> <ul style="list-style-type: none">• If Cov-Dependents = N, use “EMP”• If Cov-Dependents = S, use “ESP”• If Cov-Dep = D or B, and Nbr-Dependents = 1, use “E1D”• If Cov-Dep = D or B, and Nbr-Dependents = 2, use “E2D”• If Cov-Dep = D or B, and Nbr-Dependents = 3, use “E3D”• If Cov-Dep = D or B, and Nbr-Dependents > 3, use “FAM” <p>If N, leave blank.</p> <p>If Coverage Option = 3, use “ECH”</p> <p>***This element must be blank for dependents!!***</p>		
~		Segment length = 41	HD021HLTStandard Indemnity Health Plan EMP		
Health Coverage Dates	A 3	DTP	Fixed = “DTP”		
Date/Time Qualifier	N 3	<p>“303” = Maintenance Effective “348” = Benefit Begin “349” = Benefit End “543” = Cobra Last Premium Paid Date</p>	<table><tr><td><p><u>Tran Purpose = 1 (Update):</u> From BNTRANS get BNT-TRAN-ACTION: If FC = A, use “348” & 543 for Cobra Participant and DC Retiree If FC=C, use “303” &</p></td><td><p><u>Tran Purpose = 2 (Verify):</u> Fixed = “348” & 543 for Cobra Participant and DC Retiree</p></td></tr></table>	<p><u>Tran Purpose = 1 (Update):</u> From BNTRANS get BNT-TRAN-ACTION: If FC = A, use “348” & 543 for Cobra Participant and DC Retiree If FC=C, use “303” &</p>	<p><u>Tran Purpose = 2 (Verify):</u> Fixed = “348” & 543 for Cobra Participant and DC Retiree</p>
<p><u>Tran Purpose = 1 (Update):</u> From BNTRANS get BNT-TRAN-ACTION: If FC = A, use “348” & 543 for Cobra Participant and DC Retiree If FC=C, use “303” &</p>	<p><u>Tran Purpose = 2 (Verify):</u> Fixed = “348” & 543 for Cobra Participant and DC Retiree</p>				



			"348" & 543 for Cobra Participant and DC Retiree If FC = S or D, use "349" & "303" & "348" & 543 for Cobra Participant and DC Retiree	
Date/Time Period Format Qualifier	A 2	"D8" = Format CCYYMMDD	Fixed = "D8"	
Coverage Period (Date/Time Period)	N 8	Date, Time, or Date and Time. May also include ranges of Dates and/or Times.	Tran Purpose = 1 (Update): From BNTRANS get BNT-EFFECT-DATE (CCYYMMDD).	Tran Purpose = 2 (Verify): Use the Start Date of the benefit record for all types.
~		Segment length = 16	DTP348D820020601	
Health Coverage Policy	A 3	AMT	Parameter: Include Premium Amounts If Y, use "AMT" Else, leave blank. This segment will be generated only for Flexible Spending Accounts (vendor = FBMC).	
Amount Qualifier Code	A 2	"B9" = Co-Insurance – Actual "C1" = Co-Payment Amount "D2" = Deductible Amount "P3" = Premium Amount	Parameter: Include Premium Amounts If Y, use "P3" Else, leave blank.	
Contract Amount (Monetary Amount)	N 13	Amount	Parameter: Include Premium Amount If Y, use BEN-TOT-CONTRIB Else, leave blank (zeroes).	
~		Segment length = 18	AMTP300000000186.38	
Identification Card	A 3	IDC	Parameter: Identification Cards Requested If not = zero, use "IDC" Else, leave blank. This segment will not be generated for both 'Change' and 'Verify' options.	
Plan Coverage Description	N 1	(If not used, include a single zero)	Fixed = "0"	
Identification Card Type Code	A 1	"D" = Dental Insurance "H" = Health Insurance "P" = Prescription Drug Service	Parameter: Identification Cards Requested If not = zero, get Plan Type (Key3) from BNTRANS record. If HL, use "H" If DN, use "D" Else, leave blank	
Identification Card Count	N 1	Send a value only if greater than 1.	Parameter: Identification Cards Requested If > 1, use the value entered Else leave blank (zero).	
~		Segment length = 5	IDCH2	
Provider Information	A 2	LX	Parameter: Primary Care Provider. If Y, use "LX" If N, leave blank. SOM does not capture provider information. This segment will not be generated for both 'Change' and 'Verify' options.	
Assigned Number	N 2	Automatically assigned	Parameter: Primary Care Provider.	



		number (incremental).	If Y, use = "01"
~		Segment length = 4	LX01
Provider Name	A 3	NM1	Parameter: Primary Care Provider. If Y, use "NM1", and fill in segments that follow, Else leave blank. SOM does not capture provider information. This segment will not be generated for both 'Change' and 'Verify' options.
Entity Identifier Code	A 2	"3D" = Obstetrics and Gynecology Facility "OD" = Doctor of Optometry "P3" = Primary Care Provider "QA" = Pharmacy "QN" = Dentist "Y2" = Managed Care Organization	Parameter: Primary Care Provider. If Y, use "P3" Else leave blank
Entity Type Qualifier	N 1	"1" = Person "2" = Non-Person Entity	Parameter: Primary Care Provider. If Y, get PEM-PRIMARY-CARE, for EE, EMD-PRIMARY-CARE for Dependents, From HRUTILITY: System = BN Release = 7 Rel Level = 2 Key1 = HR80F9 Key2 = PC Key3 = PEM-PRIMARY-CARE If positions 32-61 in HUT-DATA are not = spaces, use "1". Else, use "2" If no record found, or parameter = N, leave blank (zero).
Provider Last or Organization Name (Name Last or Organization Name)	A 30	Name only used when not able to provide the standard ID number	Parameter: Primary Care Provider If Y, from HRUTILITY (record identified above), If field above = "1", get positions 32-61. If field type = "2", get positions 78-107. If field above is blank, or parameter = N, leave blank.
Provider First Name (Name First)	A 15	Name only used when not able to provide the standard ID number	Parameter: Primary Care Provider If Y, from HRUTILITY (record identified above), If field above = "1", get positions 62-76. Else, leave blank.
Provider Middle Name (Name Middle)	A 1	Name only used when not able to provide the standard ID number	Parameter: Primary Care Provider If Y, from HRUTILITY (record identified above), If field above = "1", get positions 77. Else, leave blank.
Identification Code Qualifier	A 2	"34" = Social Security Number "FI" = Federal Taxpayer's Identification Number "XX" = Health Care Financing Administration National Provider Identifier (required if mandated for use)	Parameter: Primary Care Provider If Y, from HRUTILITY (record identified above), Get position 31. If 1, then use "34" If 2, then use "FI" Else, leave blank
Provider Identifier (Identification Code)	A 30		Parameter: Primary Care Provider If Y, from HRUTILITY (record identified above), Get positions 1-30.
Entity Relationship	N 2	"25" = Established Patient "26" = Not Established	Parameter: Primary Care Provider If Y, then get record from HRUTILITY:



Code		Patient "72" = Unknown	System = BN Release = 7 Rel Level = 2 Key1 = HR11 Key2 = Company Key3 = Employee Get position 9 from HUT-DATA. If 1, use "26" If 2, use "25" Else, use "72". If Parameter = N, leave blank (zeroes).
~		Segment length = 86	NM1P32Fairview Clinic 2348763 25 F135-
END OF REPEATING SEGMENTS			
Transaction Set Trailer	A 2	SE	Fixed = "SE"
Transaction Segment Count	N 10	Total number of data segments, including ST and SE.	Cannot exceed 10,000.
Transaction Set Control Number	N 4	Must match the control number used in the ST segment; used as a unique identifier?	Fixed = "0001" (Must match number in beginning segment.)
~		Segment length = 16	SE00000000530001



Attachment C (cont.)
CSC 834 File Layout User Guide

HIPAA Transaction Standard Companion Guide
to ASC X12N (005010) HIPAA Transaction Sets 820 and 834

Preface

This Companion Guide to the ASC X12N (5010) Implementation Guides adopted under HIPAA clarifies and specifies the data content being sent when data is transmitted electronically from the State of Michigan, Department of Civil Service. This document does not replace any ASC HIPAA Transaction Set Implementation Guides. Transmissions based on this companion document, used in tandem with the ASC X12N HIPAA Implementation Guides, are compliant with both ASC X12 (5010) syntax and those guides.

General Information**Delimiters**

The State of Michigan will use the following symbols as delimiters:

Element Separator	
Segment Separator	~
Component Separator	}

ASC Version

The State of Michigan will provide transactions in accordance with the following ASC X12N HIPAA Implementation Guide versions:

Transaction Set 834:	Version 005010X220A1
Transaction Set 820:	Version 005010X218

Content

The only segments present in this companion guide are segments that require clarification or segments that contain elements that require clarification.

Elements that are shaded indicate clarification is required for that element. Please see the comments section below each segment specification for clarification.

834 Benefit Enrollment and Maintenance

Update vs. Full File Audits

The 834 Transaction can be used to provide either updates to the enrollment database or full file audits.

- Update Files will be sent once a week.
- If there are no enrollment changes since the previous transmission, an Update File will not be sent.
- Full/Verify Files will be sent once a quarter.
- An Update File will precede every Full/Verify File.

The 834 Transaction set will be used to send enrollment data for Active Employees and COBRA participants.

**Header Area – (Table 1)**

ID	Segment Name	Mandatory / Optional	Max Use	Loop Repeat	Comments
ST	Transaction Set Header	R	1		
BGN	Beginning Segment	R	1		
REF	Transaction Set Policy Number	S	1		
DTP	File Effective Date	S	> 1		

QTY	Transaction Set Control Totals	S	3	Not Used by SOM	
Loop ID – 1000A SPONSOR NAME			1		
H1	Sponsor Name	R	1		
Loop ID – 1000B PAYER			1		
H1	Payer	R	1		
Loop ID – 1000C TPA/BROKER NAME			2		
H1	TPA/Broker Name	S	1	Not Used by SOM	
Loop ID – 1100C TPA/BROKER ACCOUNT INFORMATION			1		
ACT	TPA/Broker Account Information	S	1	Not Used by SOM	

Detail Area – (Table 2)

ID	Segment Name	Mandatory / Optional	Max Use	Loop Repeat	Comments
Loop ID – 2000 MEMBER LEVEL DETAIL				> 1	
INS	Member Level Detail	R	1		
REF	Subscriber Number	R	1		
REF	Member Policy Number	S	1		
REF	Member Supplemental Identifier	S	13		
DTP	Member Level Dates	S	24		
Loop ID – 2100A MEMBER NAME				1	



ID	Segment Name	Mandatory / Optional	Max Use	Loop Repeat	Comments
NM1	Member Name	R	1		
PER	Member Communications Numbers	S	1		Not Used by SOM
N3	Member Residence Street Address	S	1		
N4	Member Residence City, State, ZIP Code	S	1		
DMG	Member Demographics	S	1		
EC	Employment Class	S	>1		Not Used by SOM
ICM	Member Income	S	1		Not Used by SOM
AMT	Member Policy Amounts	S	7		Not Used by SOM
HLH	Member Health Information	S	1		Not Used by SOM
LUI	Member Language	S	>1		Not Used by SOM
Loop ID – 2100B INCORRECT MEMBER NAME				1	
NM1	Incorrect Member Name	S	1		Not Used by SOM
DMG	Incorrect Member Demographics	S	1		Not Used by SOM
Loop ID – 2100C MEMBER MAILING ADDRESS				1	
NM1	Member Mailing Address	S	1		
N3	Member Mail Street Address	S	1		
N4	Member Mail City, State, Zip	S	1		
Loop ID – 2100D MEMBER EMPLOYER				1	
NM1	Member Employer	S	1		Not Used by SOM
PER	Member Employer Communications Numbers	S	1		Not Used by SOM
N3	Member Employer Street Address	S	1		Not Used by SOM
N4	Member Employer City, State, Zip	S	1		Not Used by SOM
Loop ID – 2100E MEMBER SCHOOL				1	
NM1	Member School	S	1		Not Used by SOM
PER	Member School Communications Numbers	S	1		Not Used by SOM
N3	Member School Street Address	S	1		Not Used by SOM
N4	Member School City, State, Zip	S	1		Not Used by SOM
Loop ID – 2100F CUSTODIAL PARENT				1	
NM1	Custodial Parent	S	1		Not Used by SOM



ID	Segment Name	Mandatory /Optional	Max Use	Loop Repeat	Comments
PER	Custodial Parent Communications Numbers	S	1		Not Used by SOM
N3	Custodial Parent Street Address	S	1		Not Used by SOM
N4	Custodial Parent City, State, Zip	S	1		Not Used by SOM
Loop ID – 2100G RESPONSIBLE PERSON				1	
NM1	Responsible Person	S	1		Not Used by SOM
PER	Responsible Person Communications Numbers	S	1		Not Used by SOM
N3	Responsible Person Street Address	S	1		Not Used by SOM
N4	Responsible Person City, State, Zip	S	1		Not Used by SOM
Loop ID – 2100H DROP OFF LOCATION				1	
NM1	Drop Off Location	S	1		Not Used by SOM
N3	Drop Off Location Street Address	S	1		Not Used by SOM
N4	Drop Off Location City, State, Zip	S	1		Not Used by SOM
Loop ID – 2200 DISABILITY INFORMATION				1	
DSB	Disability Information	S	1		Not Used by SOM
DTP	Disability Eligibility Dates	S	2		Not Used by SOM
Loop ID – 2300 HEALTH COVERAGE				99	
HD	Health Coverage	S	1		
DTP	Health Coverage Dates	R	6		
AMT	Health Coverage Policy	S	9		Used for only Flexible Spending Accounts
REF	Health Coverage Policy Number	S	14		Not Used by SOM
REF	Prior Coverage Months	S	1		Not used by SOM
IDC	Identification Card	S	3		Not Used by SOM
Loop ID – 2310 PROVIDER INFORMATION				30	
LX	Provider Information	S	1		Not Used by SOM
NM1	Provider Name	R	1		Not Used by SOM
N3	Provider Address	S	2		
N4	Provider City, State, ZIP Code	S	1		Not Used by SOM
PER	Provider Communications Numbers	S	2		Not Used by SOM



ID	Segment Name	Mandatory / Optional	Max Use	Loop Repeat	Comments
	PLA PCP Change Reason	S	1		Not Used by SOM
	Loop ID – 2320 COORDINATION OF BENEFITS			5	
	COB Coordination of Benefits	S	1		Not Used by SOM
	REF Additional Coordination of Benefits Identifiers	S	4		Not Used by SOM
	DTP Coordination of Benefits Eligibility Dates	S	2		Not Used by SOM
	Loop ID – 2330 COORDINATION OF BENEFITS RELATED			3	
	NM1 Coordination of Benefits Related Entity	S	1		Not Used by SOM
	N3 Coordination of Benefits Related Entity Address	S	1		Not Used by SOM
	N4 Coordination of Benefits Other Insurance Company City, State, ZIP Code	S	1		Not Used by SOM
	PER Administrative Communications Contact	S	1		Not Used by SOM
LS	Additional Reporting Categories	S	1		Not Used by SOM
	Loop ID – 2700 MEMBER REPORTING CATEGORIES			3	
	LX Member Reporting Categories	S	1		
	Loop ID – 2750 REPORTING CATEGORY			1	
	N1 Reporting Category	S	1		Not Used by SOM
	REF Reporting Category Reference	S	1		Not Used by SOM
	DTP Reporting Category Date	S	1		Not Used by SOM
LE	Additional Reporting Categories Loop Termination	S	1		Not Used by SOM
SE	Transaction Set Trailer	R	1		

**BGN Beginning Segment**

Max: 1
Loop ID: N/A
Header

Element	ID	Description	Qualifier/Definition	Min / Max	Type	Usage
BGN01	353	Transaction Set Purpose Code	00 Original 15 Re-Submission 22 Information	2/2	ID	M
BGN02	127	Reference Identification		1/30	AN	M
BGN03	373	Date		8/8	DT	M
BGN04	337	Time		4/8	TM	X
BGN05	623	Time Code	ED ES Eastern Daylight Time	2/2	ID	O
BGN06	127	Reference Identification		1/30	AN	O
BGN08	306	Action Code	2 Change (Update) 4 Verify RX Replac	1/2	ID	O

Comments:

1. BGN05 – Only the Time Codes listed above will be used by the State of Michigan.
2. BGN08 – New Choice “RX”, Used to identify a full enrollment transmission to be used to identify additions, terminations and changes that need to be applied to the payer’s enrollment system.

REF Reference Identification (Transaction Set Policy Number)

Max: 1
Loop ID: N/A
Header

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
REF01	128	Reference Identification Qualifier	38 Master Policy Number	2/3	ID	M
REF02	127	Reference Identification		1/30	AN	X

Comments:

1. Trading Partner must provide this information to the State of Michigan

DTP Date or Time or Period (File Effective Date)

Max: > 1
Loop ID: N/A
Header

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
DTP01	374	Date/Time Qualifier	007 Effective	3/3	ID	M
DTP02	1250	Date Time Period Format Qualifier	D8 Date Expressed in Format CCYYMMDD	2/3	ID	M
DTP03	1251	Date Time Period		1/35	AN	M

Comments:

1. DTP01 – Only the qualifiers listed above will be used by the State of Michigan.
2. DTP segment will be sent only in Verify/Full or Replace Files.

**INS Insured Benefit (Member Level Detail)**

Max: 1
 Loop ID: 2000
 Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
INS01	1073	Yes/No Condition or Response Code	N No Y Yes	1/1	ID	M
INS02	1069	Individual Relationship Code	01 Spouse 03 Father or Mother 04 Grandfather/Grandmother 05 Grandson/Granddaughter 06 Uncle or Aunt 07 Nephew or Niece 08 Cousin 09 Adopted Child 10 Foster Child 11 Son/Daughter-in-law 12 Brother/Sister-in-law 13 Mother/Father-in-law 14 Brother or Sister 15 Ward 16 Stepparent 17 Stepson or Stepdaughter 18 Self 19 Child 23 Sponsored Dependent 24 Dependent of a Minor Dep 25 Ex-Spouse 26 Guardian 31 Court Appointed Guardian 38 Collateral Dependent 53 Life Partner 60 Annuitant D2 Trustee G8 Other Relationship G9 Other Relative	2/2	ID	M
INS03	875	Maintenance Type Code	001 Change 021 Addition 024 Cancellation/Termination 025 Reinstatement 030 Audit or Compare	3/3	ID	O
INS04	1203	Maintenance Reason Code	01 Divorce 02 Birth 03 Death 04 Retirement 05 Adoption 06 Strike 07 Termination of Benefits 08 Termination of Employment 09 COBRA 10 COBRA Premium Paid 11 Surviving Spouse	2/3	ID	O



				14	Voluntary Withdrawal			
				15	PCP Change			
				16	Quit			
				17	Fired			
				18	Suspended			
				20	Active			
				21	Disability			
				22	Plan Change			
				25	Change in Identifying Data Elements			
				26	Declined Coverage			
				27	Pre-Enrollment			
				28	Initial Enrollment			
				29	Benefit Selection			
				31	Legal Separation			
				32	Marriage			
				33	Personnel Data			
				37	Leave of Absence with Benefits			
				38	Leave of Absence without Benefits			
				39	Layoff with Benefits			
				40	Layoff without Benefits			
				41	Re-enrollment			
				43	Change of Location			
				59	Non Payment			
				AA	Dissatisfied with Off Staff			
				AB	Dissatisfied w Medical Care			
				AC	Inconvenient Office Loc			
				AD	Dissatisfied w Office Hrs			
				AE	Unable to Schd Appt			
				AF	Dissatisfied w Ref Policy			
				AG	Less Respect & Attention			
				AH	Patient moved New Loc			
				AI	No reason given			
				AJ	Appt Times not Met			
				AL	Assigned Benefit Selection			
				EC	Member Benefit Selection			
				XN	Notification only			
				XT	Transfer			
INS05	1216	Benefit Status Code	A	Active		1/1	ID	O
			C	COBRA				
			S	Surviving Insured Tax				
			T	Equity and Fiscal Responsibility Act				
INS06	1218	Medicare Plan Code	A	Medicare Part A		1/1	ID	O
			B	Medicare Part B				
			C	Medicare Part A & B				
			D	Medicare				
			E	No Medicare				
INS07	1219	Consolidated Omnibus Budget Reconciliation Act (COBRA) Qualifying	1	Termination of Employment		1/2	ID	O
			2	Reduction of work hours				
			3	Medicare				
			4	Death				
			5	Divorce				
			6	Separation				



			7	Ineligible Child			
			8	Bankruptcy of a Retired Employee Former Employer			
			9	Layoff			
			10	Leave of Absence			
			ZZ	Mutually Defined			
INS08	584	Employment Status Code	AC	Active	2/2	ID	O
			AO	Active Military – Overseas			
			AU	Active Military – USA			
			FT	Full-time (Full-time Active)			
			L1	Leave of Absence			
			PT	Part-time (Part-time Active)			
			RT	Retired			
			TE	Terminated			
INS09	1220	Student Status Code	F	Full-time	1/1	ID	O
			N	Not a student			
			P	Part-time			
INS10	1073	Yes/No Condition or Response	N	No	1/1	ID	O
			Y	Yes			
INS11	1250	Date Time Period Format Qualifier	D8	Date expressed as CCYYMMDD	2/3	ID	X
INS12	1251	Date Time Period			1/35	AN	X
INS17	1470	Number			1/9	N0	O

Comments:

1. INS03, INS04, INS05, and INS09 – Only the codes listed above will be used by the State of Michigan.
2. INS04 Maintenance Reason Code for COBRA participants will always be '09'.
3. INS05 Benefit Status Code will be 'A' for Active employees and 'C' for COBRA participants
4. INS08 Employment Status Code will be 'FT' for Active employees and 'L1' for COBRA participants.
5. INS17 used when more than one family member has the same birth date.

REF Reference Identification (Subscriber Number)

Max: 1
Loop ID: 2000
Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
REF01	128	Reference Identification Qualifier	0F Subscriber Number	2/3	ID	M
REF02	127	Reference Identification		1/30	AN	X

Comments:

1. REF02 –Reference Identification field will contain Social Security Number

REF Reference Identification (Member Policy Number)

Max: 1
Loop ID: 2000
Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage	
REF01	128	Reference Identification Qualifier	1L	Group or Policy	2/3	ID	M
REF02	127	Reference Identification			1/30	AN	X

Comments:

1. Trading Partner must provide this information to the State of Michigan

**REF Reference Identification (Member Identification Number)**

Max: 2
 Loop ID: 2000
 Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
REF01	128	Reference Identification Qualifier	DX Department/Agency	2/3	ID	M
REF02	127	Reference Identification		1/30	AN	X

Comments:

1. REF01 – Only the codes listed above will be used by the State of Michigan
2. REF02 –The format of the Reference Identification field when REF01 = 'DX' is as follows:
 aaaaa^bbb^cccc^dd^ee^ffffff – where aaaaa is the 5 character Process Level (Department Code and Agency Code), bbb is the 3 character Bargaining Unit, cccc is the 4 character Plan Code, dd is the 2 character Coverage Option, ee is the 2 character Occurrence Type, fffffff is the 9 digit Original Subscriber Social Security Number, and ^ indicates a space. Process Level, Bargaining Unit, Plan Code and Coverage Option will be provided for Active Employees and COBRA participants. Occurrence Type will be provided only for COBRA participants. If it is applicable, Original Subscriber Social Security Number will be provided to tie the surviving insured back to the original subscriber for COBRA participants. This segment will be provided both for subscribers and dependents.
3. When REF01 = '23', REF02 will contain Employee Number as alternate identifier for subscriber. The alternate number will be specified both in Verify and Update files for the subscriber and not for dependents.

**DTB Date or Time or Period (Member Level Dates)**

Max: 20
 Loop ID: 2000
 Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
DTP01	374	Date/Time Qualifier	286 Retirement 296 Initial Disability Period Return to Work 297 Initial Disability Period Last Day worked 300 Enrollment Signature Dt 301 COBRA Qualifying Event 303 Maintenance Effective 336 Employment begin 337 Employment end 338 Medicare Begin 339 Medicare End 340 COBRA Begin 341 COBRA End 350 Education Begin 351 Education End 356 Eligibility Begin 357 Eligibility End 383 Adjusted Hire 385 Credited Service Begin 386 Credited Service End 393 Plan Participation Suspension 394 Rehire 473 Medicaid Begin 474 Medicaid End	3/3	ID	M
DTP02	1250	Date Time Period Format Qualifier	D8 Date expressed in format CCYYMMDD	2/3	ID	M
DTP03	1251	Date Time Period		1/35	AN	M

Comments:

1. This segment will contain the COBRA Begin (340) and COBRA End (341) dates for COBRA participants.
2. The Eligibility Begin (356) will be used to provide the Employee's Hire Date or when they first became eligible for Benefits.

**DTB Date or Time or Period (Member Level Dates)**

Max: 20
Loop ID: 2000
Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
NM101	98	Entity Identifier Code	IL Insured or Subscriber	2/3	ID	M
NM102	1065	Entity Type Qualifier	1 Person	1/1	ID	M
NM103	1035	Name Last or Organization Name		1/35	AN	O
NM104	1036	Name First		1/25	AN	O
NM105	1037	Name Middle		1/25	AN	O
NM106	1038	Name Prefix		1/10	AN	O
NM107	1039	Name Suffix		1/10	AN	O
NM108	66	Identification Code Qualifier	34 Social Security Number ZZ Mutually Defined	1/2	ID	X
NM109	67	Identification Code		2/80	AN	X

Comments:

1. NM101 – Only the codes listed above will be used by the State of Michigan
2. NM109 – Identification Code field will contain the Social Security Number.

DMG Member Demographics

Max: 1
Loop ID: 2100A
Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
DMG01	1250	Date Time Period Format Qualifier	D8 Date Expressed in format CCYYMMDD	2/3	ID	X
DMG02	1251	Date Time Period		1/35	AN	X
DMG03	1068	Gender Code	F Female M Male U Unknown	1/1	ID	O
DMG04	1067	Marital Status Code	B Registered Domestic Partners D Divorced I Single M Married R Unreported S Separated U Unmarried W Widowed X Legally Separated	1/1	ID	O
DMG05	1109	Race or Ethnicity Code	7 Not Provided A Asian or Pacific Islander B Black C Caucasian H Hispanic I American Indian or Alaskan Native N Black (Non-Hispanic) O White (Non-Hispanic)	1/1	ID	O



DMG06	1066	Citizenship Status Code	1	U.S. Citizen	1/2	ID	O
			2	Non-Resident Alien			
			3	Resident Alien			
			4	Illegal Alien			
			5	Alien			
			6	U.S. Citizen – Non-Resident			
			7	U.S. Citizen - Resident			

Comments:

1. DMG05 and DMG06 are not currently used by the State of Michigan.

**HD Health Coverage**

Max: 1
 Loop ID: 2300
 Detail

Element	ID	Description	Qualifier/Definition	Min/Max	Type	Usage
HD01	875	Maintenance Type Code	001 Change 002 Delete 021 Addition 024 Cancellation or Termination 030 Audit or Compare	3/3	ID	M
HD03	1205	Insurance Line Code	AG Preventative Care/Wellness AH 24 Hour Care AJ Medicare Risk AK Mental Health DCP Dental Capitation (for DMO) DEN Dental EPO Exclusive Provider Organization FAC Facility HE Hearing HLT Health (both Hospital and Professional Care) HMO Health Maintenance Organization LTC Long Term Care LTD Long Term Disability MM Major Medical MOD Mail Order Drug PDG Prescription Drug POS Point of Service PPO Preferred Provider Organization PRA Practitioners STD Short Term Disability UR Utilization Review VIS Vision	2/3	ID	O
HD04	1204	Plan Coverage Description		1/50	AN	O
HD05	1207	Coverage Level Code	EMP Employee Only ESP Employee and Spouse FAM Family ECH Employee and Children	3/3	ID	O

Comments:

1. HD01 and HD05 – Only the qualifiers listed above will be used by the State of Michigan.

**DTP Date or Time or Period (Health Coverage Dates)**

Max: 4
 Loop ID: 2300
 Detail

Element	ID	Description	Qualifier/Definition	Min/ Max	Type	Usage
DTP01	374	Date/Time Qualifier	303 Maintenance Effective 348 Benefit Begin 349 Benefit End 543 Last Premium Paid Date	3/3	ID	M
DTP02	1250	Date Time Period Format Qualifier	D8 Date expressed in format CCYYMMDD	2/3	ID	M
DTP03	1251	Date Time Period		1/35	AN	M

Comments:

1. DTP01 – Only the codes listed above will be used by the State of Michigan.
2. The DTP01 Qualifier of '543' will be used for COBRA participants. COBRA coverage only exists if '543' paid through date is provided and is only good through the '543' date.
3. The following table provides a list of valid combinations for DTP01. The Last Premium Paid date will be provided if available.
4. This segment will not contain the future STOP dates for non-spouse dependents in both Verify and Update Files. The STOP dates for non-spouse dependents will be provided when the coverage terminates.

INS03	HD01	DTP01 for Active	DTP01 for COBRA participants
021 - Addition	021 – Addition	348 – Benefit Begin	348 – Benefit Begin 543 – Last Premium Paid Date
001 – Change	001 – Change	303 – Maintenance Effective 348 – Benefit Begin	303 – Maintenance Effective 348 – Benefit Begin 543 – Last Premium Paid Date
024 – Cancellation	024 – Cancellation OR 002 - Delete	349 – Benefit End 303 – Maintenance Effective 348 – Benefit Begin	349 – Benefit End 303 – Maintenance Effective 348 – Benefit Begin 543 – Last Premium Paid Date



**Attachment C (cont.)
Claim Lag Report File Layout**

State of Michigan

Claim Lag Report

Incurred Claims MM/DD/YYYY through MM/DD/YYYY

Vendor:

Paid Date	Incurred Date											
	Prior	10/01/12	11/01/12	12/01/12	01/01/13	02/01/13	03/01/13	04/01/13	05/01/13	06/01/13	07/01/13	08/01/13
	Period	10/31/12	11/30/12	12/31/12	01/31/13	02/28/13	03/31/13	04/30/13	05/31/13	06/30/13	07/31/13	08/30/13
10/01/12 - 10/31/12	\$732,021	\$3,021,558	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11/01/12 - 11/30/12	\$100,254	\$652,048	\$2,564,251	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12/01/12 - 12/31/12	\$60,000	\$85,057	\$521,078	\$1,985,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
01/01/13 - 01/31/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
02/01/13 - 02/28/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
03/01/13 - 03/31/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
04/01/13 - 04/30/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
05/01/13 - 05/31/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
06/01/13 - 06/30/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
07/01/13 - 07/31/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08/01/13 - 08/31/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
09/01/13 - 09/30/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10/01/13 - 10/31/13												
11/01/13 - 11/30/13												
12/01/13 - 12/31/13												
01/01/14 - 01/31/14												
02/01/14 - 02/28/14												
03/01/14 - 03/31/14												
04/01/14 - 04/30/14												



05/01/14 - 05/31/14												
06/01/14 - 06/30/14												
07/01/14 - 07/31/14												
08/01/14 - 08/31/14												
09/01/14 - 09/30/14												
Total	\$892,275	\$3,758,663	\$3,085,329	\$1,985,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0